

Texas Department of Housing and Community Affairs



Board Book

Thursday, January 16, 2025

10:00 AM

**Dewitt C. Greer State Highway Building
125 E. 11th Street
Williamson Board Room
Austin, TX 78701**

Governing Board

*Leo Vasquez III, Chair
Kenny Marchant, Vice-Chair
Ajay Thomas, Member
Anna Maria Farias, Member
Holland Harper, Member
Cindy Conroy, Member*

**Texas Department of Housing and Community Affairs
Programmatic Impact Fiscal Year 2024**

CY 24 9% LIHTC Program

- Total Applications Rec'd: 105
- Total Market Rate Units Proposed: 382
- Total Low-Income Units Proposed: 6,761
- Total HTCs Requested: \$147,949,857

Construction Type:

- Total Proposed New Construction Projects: 67
- Total Proposed Reconstruction Projects: 5
- Total Proposed Rehab Projects: 23

CY 24 4% LIHTC Program

Active or Approved Applications:

- Total Applications: 34
- Total Units Proposed: 8,226

Closed Applications:

- Total Applications: 31
- Number of Low Income Units Proposed: 7,096

Construction Type

- Total Proposed New Construction Projects: 45
- Total Proposed Rehab/Reconstruction Projects: 20

Owner Financing and Down Payment

- 30-year, fixed interest rate mortgage loans
- Mortgage credit certificates
- Down payment, closing cost assistance
- Homebuyer education

Programs:

- Single Family Homeownership

Expended Funds: \$1,465,239,636
Total Households Served: 6,160

Energy Related Assistance

- Utility bill payment assistance
- Energy consumption education
- Weatherization for energy efficiency

Programs:

- Comprehensive Energy Assistance Program (CEAP)
- Weatherization Assistance Program (WAP)

Expended CEAP Funds: \$ 206,365,264
Total Households Served: 123,398

Homelessness Services

- Shelter building rehabilitation, conversion, operations
- Essential services e.g., health services, transportation, job training, employment services

Programs:

- Emergency Solutions Grant Program (ESG)
- Homeless Housing and Services Program (HHSP)

Expended Funds: \$21,078,699
Total Individuals Served: 47,479

Rental Assistance

- Short, long term rent payment help
- Assistance linked with services, Transitional assistance

Programs:

- Tenant-Based Rental Assistance (TBRA)
- Section 8 Housing Choice Vouchers
- Section 811

Expended Funds: \$31,370,641
Total Households Served: 3,439

Owner Rehabilitation Assistance

- Home rehabilitation, reconstruction
- Manufactured housing unit replacement
- Accessibility modifications e.g., ramp, grab bar installation

Programs:

- Homeowner Reconstruction Assistance Program (HRA)*
- Amy Young Barrier Removal Program Expended

Funds: \$18,725,608
Total Households Served: 193

Supportive Services

Provides administrative support for essential services for low income individuals through Community Action Agencies

Program:

- Community Services Block Grant Program (CSBG)

Expended Funds: \$33,275,765
Total Individuals Served: 309,102

Single Family Development

- Single family development, reconstruction, rehabilitation
- NSP, Do-it-yourself, "sweat equity" construction (bootstrap), rehabilitation, Contract for Deed refinance

Programs:

- Single Family Development Program (SFD)*
- Contract for Deed (CFD)

Expended Funds: \$3,651,960
Total Households Served: 58

Total Expended Funds: \$2,070,733,718

Total Households Served: 504,428

All FY2024 data as reported in TDHCA's 2024 performance measures.

Note: Some households may have been served by more than one TDHCA program. For some programs, allocation is used as a proxy for expenditures. Because of timing of funds request, the funds expended for the quarter may be readjusted substantially by year end.

Reporting Period: 9/1/2023-8/31/2024 (4% and 9% LIHTC Program figures as of 10/15/2024)

* Administered through the federally funded HOME Investment Partnerships Program

CALL TO ORDER**ROLL CALL****CERTIFICATION OF QUORUM**

Pledge of Allegiance - I pledge allegiance to the flag of the United States of America, and to the republic for which it stands, one nation under God, indivisible, with liberty and justice for all.

Texas Allegiance - Honor the Texas flag; I pledge allegiance to thee, Texas, one state under God, one and indivisible.

CONSENT AGENDA

Items on the Consent Agenda may be removed at the request of any Board member and considered at another appropriate time on this agenda. Placement on the Consent Agenda does not limit the possibility of any presentation, discussion or approval at this meeting. Under no circumstances does the Consent Agenda alter any requirements under Chapter 551 of the Tex. Gov't Code, Texas Open Meetings Act. Action may be taken on any item on this agenda, regardless of how designated.

EXECUTIVE

1. Presentation, discussion, and possible action on the Board meeting minutes summary for December 12, 2024 Beau Eccles

ASSET MANAGEMENT

2. Presentation, discussion, and possible action regarding an increase to the Housing Tax Credit amount for Eisenhower II (HTC #19410) Rosalio Banuelos
3. Presentation, discussion, and possible action regarding approval of a Multifamily Direct Loan re-subordination for Residence at Ridgehill (NHTF #82900021520) Rosalio Banuelos

RULES

4. Presentation, discussion, and possible action on an order proposing the repeal of 10 TAC Chapter 5, Section 8 Housing Choice Voucher Program, and an order proposing new 10 TAC Chapter 5, Section 8 Housing Choice Voucher Program, and directing their publication for public comment in the Texas Register Andre Adams
5. Presentation, discussion, and possible action on an order proposing the repeal of 10 TAC §1.15, Integrated Housing Rule; an order proposing new 10 TAC §1.15, Integrated Housing Rule; and directing their publication for public comment in the Texas Register Brooke Boston

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| 6. | Presentation, discussion, and possible action on an order proposing the repeal of 10 TAC Chapter 2, Subchapter B, Enforcement for Noncompliance with Program Requirements of Chapters 6 and 7, §2.201, Cost Reimbursement, and §2.202 Sanctions and Contract Closeout; an order proposing new 10 TAC Chapter 2, Subchapter B, Enforcement for Noncompliance with Program Requirements of Chapters 6 and 7, §2.201, Cost Reimbursement, and §2.202 Sanctions and Contract Closeout; and directing their publication for public comment in the Texas Register | Brooke Boston |
| 7. | Presentation, discussion, and possible action on an order proposing amendments to 10 TAC Chapter 1, Subchapter D, Uniform Guidance for Recipients of Federal and State Funds, §1.401, Effective Date and Definitions, §1.404, Purchase and Procurement Standards, and §1.407, Inventory Report; and directing its publication in the Texas Register | Brooke Boston |
| 8. | Presentation, discussion, and possible action on an order adopting the repeal and new 10 TAC Chapter 7, Subchapter D, Ending Homelessness Fund, and directing its publication in the Texas Register. | Rosy Falcon |

CONSENT AGENDA REPORT ITEMS

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| 9. | Media Analysis and Outreach Report, November 2024 | Michael Lyttle |
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ACTION ITEMS

Executive Session: the Chair may call an Executive Session at this point in the agenda in accordance with the below-cited provisions

EXECUTIVE

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| 10. | Executive Director's Report | Bobby Wilkinson |
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FUNDING ANNOUNCEMENTS AND AWARDS

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| 11. | Presentation, discussion, and possible approval to authorize the issuance of the 2025 HOME American Rescue Plan Nonprofit Capacity Building and Operating Notice of Funding Availability and publication in the Texas Register | Naomi Cantu |
| 12. | Presentation, discussion, and possible action regarding approval of the Department's 2025-1 National Housing Trust Fund Notice of Funding Availability | Connor Jones |
| 13. | Presentation, discussion, and possible action on a loan approval for FishPond at Victoria | Connor Jones |

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14. Presentation, discussion, and possible action regarding the Issuance of Multifamily Housing Revenue Bonds (The Ridge at Loop 12) Series 2025A-1, Series 2025A-2, and Series 2025B, Resolution No. 25-013, an award of Direct Loan Funds, and a Determination Notice of Housing Tax Credits
- Teresa Morales

ACTION REPORT ITEMS

15. Presentation and discussion regarding the issuance of Texas Department of Housing and Community Affairs Residential Mortgage Revenue Bonds, Series 2025A (Non-AMT)
- Scott Fletcher
16. Report relating to the 2024 Non-competitive 4% Housing Tax Credit Program and a preliminary 2025 Program forecast.
- Teresa Morales

BOND FINANCE

17. Presentation, discussion, and possible action on Resolution No.25-014 approving a financial advisory services agreement; authorizing the execution of documents and instruments necessary or convenient to carry out the purposes of this resolution; and containing other provisions relating to the subject
- Scott Fletcher
18. Presentation, discussion, and possible action on Resolution No. 25-015 approving a servicer oversight services agreement; authorizing the execution of documents and instruments necessary or convenient to carry out the purposes of this resolution; and containing other provisions relating to the subject
- Scott Fletcher

ASSET MANAGEMENT

19. Presentation, discussion, and possible action regarding a Material Amendment to the Housing Tax Credit Application for Santa Fe Place (HTC #23178/24266)
- Rosalio Banuelos

LEGAL

20. Presentation, discussion, and possible action on recommendation to adopt Final Orders of debarment for SRCJJC Lubbock Management LLC and associated responsible entities and individuals; THF Housing Development Corporation and associated responsible entities and individuals; The City of Lubbock Housing Initiatives and associated responsible entities and individuals, and to consider the timely filed appeals
- Sascha Stremmler
21. Presentation, discussion, and possible action regarding the adoption of an Agreed Final Order concerning The Declan I (Bond MF007 / CMTS 2510) and The Declan II (Bond MF008 / CMTS 2509)
- Sascha Stremmler

MULTIFAMILY FINANCE

22. Presentation, discussion, and possible action regarding a waiver of 10 TAC §1.15(d) for Village Apartments

Cody Campbell

PUBLIC COMMENT ON MATTERS OTHER THAN ITEMS FOR WHICH THERE WERE POSTED AGENDA ITEMS

The Board may go into Executive Session Pursuant to Tex. Gov't Code §551.074 for the purposes of discussing personnel matters including to deliberate the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer or employee;

Pursuant to Tex. Gov't Code §551.071(1) to seek the advice of its attorney about pending or contemplated litigation or a settlement offer;

Pursuant to Tex. Gov't Code §551.071(2) for the purpose of seeking the advice of its attorney about a matter in which the duty of the attorney to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with Tex. Gov't Code Chapter 551; including seeking legal advice in connection with a posted agenda item;

Pursuant to Tex. Gov't Code §551.072 to deliberate the possible purchase, sale, exchange, or lease of real estate because it would have a material detrimental effect on the Department's ability to negotiate with a third person; and/or

Pursuant to Tex. Gov't Code §2306.039(c) the Department's internal auditor, fraud prevention coordinator or ethics advisor may meet in an executive session of the Board to discuss issues related to fraud, waste or abuse.

OPEN SESSION

If there is an Executive Session, the Board will reconvene in Open Session. Except as specifically authorized by applicable law, the Board may not take any actions in Executive Session.

ADJOURN

To access this agenda and details on each agenda item in the board book, please visit our website at www.tdhca.texas.gov or contact Michael Lyttle, 512-475-4542, TDHCA, 221 East 11th Street, Austin, Texas 78701, and request the information. If you would like to follow actions taken by the Governing Board during this meeting, please follow TDHCA account (@tdhca) on X (Twitter).

Individuals who require auxiliary aids, services or sign language interpreters for this meeting should contact Nancy Dennis, at 512-475-3959 or Relay Texas at 1-800-735-2989, at least five days before the meeting so that appropriate arrangements can be made. Non-English speaking individuals who require interpreters for this meeting should contact Danielle Leath, 512-475-4606, at least five days before the meeting so that appropriate arrangements can be made.

Personas que hablan español y requieren un intérprete, favor de llamar a Danielle Leath, al siguiente número 512-475-4606 por lo menos cinco días antes de la junta para hacer los preparativos apropiados.

There is not a remote online or telephone option for public participation in this meeting, so those wishing to make public comment during the meeting must appear in person. This meeting will, however, be streamed online for public viewing.



Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 905

Agenda Date: 1/16/2025

Agenda #: 1.

Presentation, discussion, and possible action on the Board meeting minutes summary for December 12, 2024

RECOMMENDED ACTION

Approve the Board meeting minutes summary for December 12, 2024

RESOLVED, that the Board meeting minutes summary for December 12, 2024, is hereby approved as presented.

**Texas Department of Housing and Community Affairs Governing Board
Board Meeting Minutes Summary
December 12, 2024**

On Thursday, the twelfth day of December 2024, at 10:00 a.m., the regular meeting of the Governing Board (Board) of the Texas Department of Housing and Community Affairs (“TDHCA” or “the Department”) was held in Capitol Extension Hearing Room E1.012, Texas Capitol, 1100 Congress Avenue, Austin, Texas 78701.

The following members, constituting a quorum, were present and voting:

- Leo Vasquez, III, Chair
- Kenny Marchant, Vice Chair
- Cindy Conroy
- Anna Maria Farias
- Holland Harper
- Ajay Thomas

Mr. Vasquez served as Chair, and James “Beau” Eccles, TDHCA General Counsel, served as Secretary.

1) The Board unanimously approved the Consent Agenda (items 1-4 and 6-12) and Consent Agenda Report Items (13-17) as presented, and moved Item 5 – Presentation, discussion, and possible action on an order adopting the repeal and proposed new rule 10 TAC Chapter 10 Subchapter F, Compliance Monitoring Rule; and directing their publication in the *Texas Register* – to the Action Item Agenda.

2) Chairman Vasquez exercised his authority as chair to take up agenda items out of the order published and brought up Action Item 28 – Presentation, discussion, and possible action on recommendation to adopt Final Orders of debarment for On Track Ministries, Inc., Cliff McDaniel, Clay McDaniel, Olive Tree Multifamily Manager LLC, and Ian Bel, and to consider the timely filed appeals. The item was presented by Sascha Stremmer, TDHCA Assistant General Counsel, with additional information from Bobby Wilkinson, TDHCA Executive Director, and Mr. Eccles.

Following public comment (listed below), the Board by a 5-1 vote (Member Conroy voted nay) granted the debarment appeal from OnTrack Ministries, Inc., Cliff McDaniel, and Clay McDaniel but directed TDHCA staff to send them a letter of reprimand. As part of the same vote the Board denied the appeal from Olive Tree Multifamily Manager LLC, and Ian Bel, upholding staff recommendation for a three-year debarment.

- Michael Rosenfeld, Olive Tree, provided comments on the item
- Ian Bel, Olive Tree, provided comments in opposition to staff recommendation

- Derek DeHay, Lument, provided comments on the item
- Cliff McDaniel, OnTrack Ministries, provided comments on the item
- Cynthia Bast, attorney for Locke Lord and representing all the parties recommended for debarment, provided comments in opposition to staff recommendation
- Barry Palmer, attorney for Coats Rose and special counsel for the parties recommended for debarment, provided comments in opposition to staff recommendation
- The Honorable Gary Gates, State Representative for Texas House District 28, provided comments in opposition to staff recommendation

3) Chairman Vasquez continued to exercise his authority as chair to take up agenda items out of the order published and brought up Action Item 31 – Presentation, discussion, and possible action regarding an appeal of the underwriting report for Culebra Apartments. The item was presented by Cody Campbell, TDHCA Director of Multifamily Finance, with additional information from Mr. Wilkinson and Mr. Eccles. Following public comment (listed below), the Board by a 5-1 vote (Member Farias voted nay) approved staff recommendation and denied the appeal.

- Melissa Cabello Haverda, San Antonio City Councilmember, provided comments in opposition to staff recommendation
- Marc Whyte, San Antonio City Councilmember, provided comments in opposition to staff recommendation
- Bill Fisher, Sonoma Housing Advisors, provided comments in opposition to staff recommendation
- Sarah André, Structure Development, provided comments in support of staff recommendation
- Michelle Snedden, attorney with Shackelford and representing the appellant, provided comments in opposition to staff recommendation
- Sallie Burchett, Structure Development, provided comments on the item
- Wallace Reed, Sonoma Housing Advisors, provided comments in opposition to staff recommendation

4) Chairman Vasquez continued to exercise his authority as chair to take up agenda items out of the order published and brought up Action Item 37 – Presentation, discussion, and possible action on a request for return and reallocation of tax credits under 10 TAC §11.6(5) related to Credit Returns Resulting from Force Majeure Events for Nuestra Senora – which was presented by Josh Goldberger, TDHCA Manager of the Competitive (9%) Housing Tax Credit Program. The Board unanimously adopted staff recommendation and approved the force majeure request.

5) Chairman Vasquez returned the Board to the normal order of business on the agenda and brought up Action Item 5 – Presentation, discussion, and possible action on an order adopting the repeal and proposed new rule 10 TAC Chapter 10 Subchapter F, Compliance Monitoring Rule; and directing their publication in the *Texas Register*. The item was presented by Wendy Quackenbush, TDHCA Director of Multifamily Compliance, with additional information from Mr.

Wilkinson, and Megan Sylvester, TDHCA Federal Compliance Counsel. Following public comment (listed below), the Board unanimously adopted staff recommendation and approved the repeal of the existing rule and adoption of the new rule.

- Tanya Lavelle, Disability Rights Texas, provided comments in opposition to staff recommendation
- Marc Hoskins, Texas Housers, provided comments in opposition to staff recommendation

6) Action Item 18 – Executive Director’s Report – was presented by Mr. Wilkinson. The Board heard the report and took no further action.

7) Mr. Thomas, chair of the Board’s Audit and Finance Committee, presented Action Item 19 – Report on the meeting of the Audit and Finance Committee. The Board heard the report and took no further action.

8) Action Item 20 – Presentation, discussion, and possible action to approve Fiscal Year 2025 Internal Audit Annual Plan – was presented by Mark Scott, TDHCA Director of Internal Audit. The Board unanimously adopted staff recommendation to approve the audit plan.

9) Action Item 21 – Report on the allocation of Program Year 2025 Community Services Block Grant awards – was presented by Gavin Reid, TDHCA Manager of Planning in the Community Affairs division, with additional information from Mr. Wilkinson. The Board heard the report and took no further action.

10) Action Item 22 – Report outlining the extension of the Certificate Purchase Period for Residential Mortgage Revenue Bonds, Service 2024 C (Tax Exempt) and D (Taxable) – was presented by Scott Fletcher, TDHCA Director of Bond Finance. The Board heard the report and took no further action.

11) Mr. Fletcher also presented Action Item 23 – Report regarding a Request for Proposal issued by the Texas Department of Housing and Community Affairs for Financial Advisor and selection thereof. The Board heard the report and took no further action.

12) Action Item 24 – Presentation, discussion, and possible action regarding a Material Amendment to the Housing Tax Credit Application, changes to the ownership structure, and a waiver of 10 TAC §11.9(b)(2)(A) for Avanti Legacy Lyon (HTC #23019) – was presented by Rosalio Banuelos, TDHCA Director of Asset Management. The Board unanimously adopted staff recommendation to approve the material amendment request, the rule waiver request, and the change to the ownership structure.

13) Action Item 25 – Presentation, discussion, and possible action regarding authorization to release a Notice of Funding Availability for the 2025 Reentry Activities Pilot Program funded

with Community Services Block Grant Discretionary funds – was presented by Mr. Reid. The Board unanimously approved staff recommendation to release the NOFA.

14) Action Item 26 – Presentation, discussion, and possible action on awards for 2025 Community Services Block Grant discretionary funds for education and employment services to Native American and Migrant and Seasonal Farm Worker populations – was presented by Mr. Reid. The Board unanimously adopted staff recommendation to approve the awards.

15) Action Item 27 – Presentation, discussion, and possible action regarding nonrenewal of South Texas Development Council's 2025 Comprehensive Energy Assistance Program Contract and future Comprehensive Energy Assistance Program contracts, the authorization of staff to identify a temporary and subsequently a permanent provider(s), through release of a Request for Applications, to administer the Comprehensive Energy Assistance Program in Jim Hogg, Starr, and Zapata counties (the area served by South Texas Development Council) – was pulled from the agenda and not heard.

16) Action Item 29 – TDHCA Annual Performance Measure Report - Fourth Quarter, 2024 – was presented by Michael Lyttle, TDHCA Director of External Affairs, with additional information from Ms. Quackenbush. The Board heard the report and took no further action.

17) Action Item 30 – Presentation, discussion, and possible action on the proposed amendments to 10 TAC Chapter 10 Subchapter E, Post Award and Asset Management Requirements, §10.405 Amendments and Extensions, and §10.406 Ownership Transfers, and directing their publication for public comment in the *Texas Register* – was presented by Mr. Banuelos. The Board unanimously adopted staff recommendation to approve the proposed amendments to publish for public comment.

18) Action Item 32 – Presentation, discussion, and possible action on a loan approval and a request for return and reallocation of tax credits under 10 TAC §11.6(5) related to Credit Returns Resulting from Force Majeure Events for Beaumont Pioneer Crossing – was presented by Mr. Campbell with additional information from Mr. Wilkinson. The Board by a 5-1 vote (Chairman Vasquez voted nay) adopted staff recommendation to approve the force majeure request and the loan request.

19) Action Item 33 – Presentation, discussion, and possible action on a loan approval and a request for return and reallocation of tax credits under 10 TAC §11.6(5) related to Credit Returns Resulting from Force Majeure Events for Brownwood Pioneer Crossing – was presented by Mr. Campbell. The Board by a 5-1 vote (Chairman Vasquez voted nay) adopted staff recommendation to approve the force majeure request and the loan request.

20) Action Item 34 – Presentation, discussion, and possible action on a loan approval and a request for return and reallocation of tax credits under 10 TAC §11.6(5) related to Credit Returns Resulting from Force Majeure Events for Royal Gardens Lufkin – was presented by Mr.

Campbell. The Board by a 5-1 vote (Chairman Vasquez voted nay) adopted staff recommendation to approve the force majeure request and the loan request.

21) Action Item 35 – Presentation, discussion, and possible action on a request for return and reallocation of tax credits under 10 TAC §11.6(5) related to Credit Returns Resulting from Force Majeure Events for Autumn Parc – was presented by Mr. Goldberger. The Board unanimously adopted staff recommendation to approve the force majeure request.

22) Action Item 36 – Presentation, discussion, and possible action on a request for return and reallocation of tax credits under 10 TAC §11.6(5) related to Credit Returns Resulting from Force Majeure Events for West Columbia Manor – was pulled from the agenda and not heard.

23) Action Item 38 – Presentation, discussion, and possible action on a request for return and reallocation of tax credits under 10 TAC §11.6(5) related to Credit Returns Resulting from Force Majeure Events for Estacado Estates – was presented by Mr. Campbell with additional information from Mr. Wilkinson and Mr. Eccles. The Board unanimously adopted staff recommendation and approved the force majeure request, with a placed-in-service date of December 31, 2026.

24) Action Item 39 – Presentation, discussion, and possible action on a request for return and reallocation of tax credits under 10 TAC §11.6(5) related to Credit Returns Resulting from Force Majeure Events for Sweetwater Station – was presented by Mr. Campbell. The Board unanimously adopted staff recommendation and approved the force majeure request.

Except as noted otherwise, all materials presented to and reports made to the Board were approved, adopted, and accepted. These minutes constitute a summary of actions taken. The full transcript of the meeting, reflecting who made motions, offered seconds, etc., questions and responses, and details of comments, is retained by TDHCA as an official record of the meeting.

There being no further business to come before the Board, the meeting adjourned at 2:46 p.m. The next meeting is scheduled for Thursday, January 16, 2025.

Secretary

Approved:

Chair



Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 895

Agenda Date: 1/16/2025

Agenda #: 2.

Presentation, discussion, and possible action regarding an increase to the Housing Tax Credit amount for Eisenhower II (HTC #19410)

RECOMMENDED ACTION

WHEREAS, Eisenhower II (the Development) received a 4% Housing Tax Credit (HTC) award in 2019 to acquire and rehabilitate 66 multifamily units in El Paso, El Paso County;

WHEREAS, rehabilitation of the Development has been completed, and EP Eisenhower P3, LP (the Development Owner or Owner) requests, at cost certification, to increase the annual HTC amount from \$376,008, the amount reflected in the Determination Notice, to \$452,838, which represents a 20.43% increase from the amount in the Determination Notice;

WHEREAS, §42(m)(2) of the Internal Revenue Code allows an increase of tax credits for a bond financed project when the increase is determined necessary as demonstrated through the submission of the cost certification package;

WHEREAS, 10 TAC §10.401(d) requires approval by the Board if an increase to the amount of tax credits exceeds 120% of the amount of credit reflected in the Determination Notice; and

WHEREAS, a review of the cost certification package submitted by the Development Owner supports the need for the additional tax credits, and staff has determined that the increase is necessary for the viability of the transaction;

NOW, therefore, it is hereby

RESOLVED, that the annual housing tax credit increase to \$452,838 for Eisenhower II is approved as presented to this meeting, and the Executive Director and his designees are each authorized, directed, and empowered to take all necessary action to effectuate the foregoing.

BACKGROUND

Eisenhower II received a 4% HTC award in 2019 to acquire and rehabilitate 66 multifamily units in El Paso, El Paso County. On March 14, 2019, a Determination Notice was issued with an approved annual tax credit amount of \$376,008. The rehabilitation of the Development has been completed, and the residential buildings in the Development were placed in service in 2020.

During the review of the cost certification, Satish Bhaskar, the representative for the Development Owner, requested an annual tax credit award of \$452,858, which represents a 20.43% increase from the amount in the Determination Notice.

A comparison of the development costs from the time of Application in 2019 to Cost Certification indicates that total development costs increased approximately \$3.375 million (26.32%), from \$12,822,602 to \$16,197,017. Hard costs increased approximately \$1.5 million (28.11%), from \$5,319,165 to \$6,814,574. The Owner explained that the requested increase to the HTC amount is primarily due to an increase in development costs, such as abatement, resulting in an increase in basis.

The Contractor fees and Developer fee also increased due to the additional construction costs. Contractor fees are \$514,793 (68.95%) greater than the estimate at application. The recommended Developer fee increased 29.86%, from \$1,447,601 to \$1,879,922, which is the amount limited by the guidelines in the Qualified Allocation Plan (QAP) and lower than the Developer fee claimed by the Owner. The recommended deferred Developer fee increased from \$365,155 to \$636,747.

Staff's analysis of this transaction at cost certification has concluded that the Development supports an annual tax credit allocation of \$452,838, and that the increase is necessary for the financial feasibility of the project and its viability as a qualified low-income housing project throughout the credit period. This results in a 20.43% increase from \$376,008, the original annual HTC amount in the Determination Notice. In accordance with 10 TAC §10.401(d), Board approval is required because the requested tax credit amount exceeds 120% of the HTC amount reflected in the Determination Notice. The Tax-Exempt Bond Credit Increase Request Fee required in 10 TAC §11.901(8) of 4% of one year of the increased credit amount, and any remaining required pending documentation for the cost certification review must be provided prior to the issuance of Forms 8609.

Staff recommends approval of the increase in the tax credit award as presented herein.

PRO FORMA ANALYSIS & DEVELOPMENT COSTS

POTENTIAL GROSS RENT

				TDHCA CC	TDHCA -Prior	% DIFF	APP - Orig	Owner CC	\$ DIFF		
Secondary Income	Per Unit/Month	\$6.32		\$670,536	\$547,632	0%	\$547,632	\$670,536	\$0		
Other Income:				\$5,005	\$5,004	-21%	\$5,004	\$3,960	(\$1,045)	\$5.00	Per Unit Per Month
Other Income:						#DIV/0!		\$0	\$0	\$0.00	Per Unit Per Month
POTENTIAL GROSS INCOME				\$675,541	\$552,636	0%	\$552,636	\$674,496	(\$1,045)		
Vacancy & Collection Loss	% of PGI	-5.0%		(\$33,777)	(27,632)	0%	(27,632)	(33,725)	\$52	-5.0%	% of PGI
EO/Non-Rental Units/Concessions				\$0		#DIV/0!			\$0		
EFFECTIVE GROSS INCOME				\$641,764	\$525,004	-0.15%	\$525,004	\$640,771	(\$993)		

EXPENSES

	% of EGI	Per Unit	Per SF	TDHCA CC	TDHCA -Prior	% DIFF	APP - Orig	Owner CC	\$ DIFF	Per SF	Per Unit	% of EGI
General & Administrative	6.32%	\$615	\$0.73	\$40,581	\$28,710	40%	\$25,882	\$56,661	\$16,080	\$1.02	\$859	8.84%
Management	6.00%	\$583	\$0.69	\$38,506	\$26,250	-27%	\$26,250	\$27,950	(\$10,556)	\$0.50	\$423	4.36%
Payroll & Payroll Tax	9.82%	\$955	\$1.13	\$63,036	\$45,014	11%	\$45,014	\$69,879	\$6,843	\$1.26	\$1,059	10.91%
Repairs & Maintenance	4.47%	\$435	\$0.52	\$28,707	\$42,900	49%	\$50,416	\$42,732	\$14,025	\$0.77	\$647	6.67%
Electric/Gas	4.19%	\$407	\$0.48	\$26,870	\$36,278	53%	\$24,002	\$41,054	\$14,184	\$0.74	\$622	6.41%
Water, Sewer, & Trash	10.49%	\$1,020	\$1.21	\$67,318	\$35,447	-46%	\$33,433	\$36,528	(\$30,790)	\$0.66	\$553	5.70%
Property Insurance	5.91%	\$575	\$0.68	\$37,927	\$15,510	-51%	\$9,900	\$18,731	(\$19,196)	\$0.34	\$284	2.92%
Property Tax	0%	\$0	\$0.00	\$0	\$0	#DIV/0!	\$0	\$0	\$0	\$0.00	\$0	0.00%
Reserve for Replacements	3.60%	\$350	\$0.42	\$23,100	\$23,100	0%	\$23,100	\$23,100	\$0	\$0.42	\$350	3.61%
Cable TV	0.00%	\$0	\$0.00	\$0	\$0	#DIV/0!	\$0	\$0	\$0	\$0.00	\$0	0.00%
Supportive service contract fees	1.23%	\$120	\$0.14	\$7,920	\$7,920	-100%	\$7,920	\$0	(\$7,920)	\$0.00	\$0	0.00%
TDHCA Compliance fees	0.41%	\$40	\$0.05	\$2,640	\$2,640	0%	\$2,640	\$2,640	\$0	\$0.05	\$40	0.41%
TDHCA Bond Administration Fees (TDHCA as Bond Issuer Only)	0.00%	\$0	\$0.00	\$0	\$0	#DIV/0!	\$0	\$0	\$0	\$0.00	\$0	0.00%
Security	0.62%	\$60	\$0.07	\$3,960	\$4,167	0%	\$4,167	\$3,960	\$0	\$0.07	\$60	0.62%
Other	0.00%	\$0	\$0.00	\$0	\$0	#DIV/0!	\$0	\$0	\$0	\$0.00	\$0	0.00%
TOTAL EXPENSES	53.07%	\$5,160	\$6.13	\$340,565	\$267,936	-5.1%	\$252,724	\$323,235	(\$17,330)	\$5.81	\$4,898	50.44%
NET OPERATING INCOME	46.93%	\$4,564	\$5.42	\$301,199	\$257,068	5.4%	\$272,280	\$317,536	\$16,337	\$5.71	\$4,811	49.56%

DEBT

				TDHCA CC	TDHCA -Prior	% DIFF	APP - Orig	Owner CC	\$ DIFF
First Lien: Wilmington Trust				\$240,872	\$218,712	12%	\$218,712	\$269,819	\$28,947
Other: Paisano Housing Redev Corp						#VALUE!			#VALUE!
Other: Paisano Housing Redev Corp						#VALUE!			#VALUE!
Other: Servicing Fee				\$5,853		#VALUE!			#VALUE!
TOTAL DEBT SERVICE				\$246,725	\$218,712	9%	\$218,712	\$269,819	\$23,094
NET CASH FLOW				\$54,474	\$38,356	-12%	\$53,568	\$47,717	(\$6,757)
AGGREGATE DEBT COVERAGE RATIO				1.22	1.18		1.24	1.18	
RECOMMENDED DEBT COVERAGE RATIO				1.22					

CONSTRUCTION COST

	% of TOTAL	Per Unit	Per SF	TDHCA CC	TDHCA -Prior	% DIFF	APP - Orig	Owner CC	\$ DIFF	Per SF	Per Unit	% of TOTAL
Land Acquisition	3.93%	\$9,394	\$11.15	\$620,000	\$620,000	0%	\$620,000	\$620,000	\$0	\$11	\$9,394	3.83%
Building Acquisition	18.24%	\$43,636	\$51.81	\$2,880,000	\$2,880,000	0%	\$2,880,000	\$2,880,000	\$0	\$52	\$43,636	17.78%
Closing costs & acq. legal fees	0.00%	\$0	\$0.00	\$0	\$0	#DIV/0!	\$0	\$0	\$0	\$0	\$0	0.00%
Off-Sites	0.00%	\$0	\$0.00	\$0	\$0	#DIV/0!	\$0	\$0	\$0	\$0	\$0	0.00%
Sitework	10.98%	\$26,269	\$31.19	\$1,733,746	\$352,299	-56%	\$363,698	\$759,680	(\$974,066)	\$14	\$11,510	4.69%
Site Amenities					\$559,502		\$559,502					
Other Construction Cost					\$0	#DIV/0!	\$0	\$0	\$0			
Building Costs	32.18%	\$76,982	\$91.40	\$5,080,827	\$3,936,154	19%	\$3,911,169	\$6,054,894	\$974,066	\$109	\$91,741	37.38%
Contingency					\$484,795	#DIV/0!	\$484,796		\$0			
Contractor's Fees	6.04%	\$14,455	\$17.16	\$954,040	\$746,585	32%	\$746,585	\$1,261,378	\$307,337	\$23	\$19,112	7.79%
Indirect Construction	7.39%	\$17,665	\$20.97	\$1,165,906	\$798,199	0%	\$798,199	\$1,165,906	\$0	\$21	\$17,665	7.20%
Developer's Fees	20.0%	\$11,589	\$27.698	\$1,828,042	\$1,395,427	3%	\$1,447,601	\$1,879,922	\$51,880	\$34	\$28,484	11.61%
Financing	8.43%	\$20,161	\$23.94	\$1,330,650	\$617,930	0%	\$617,930	\$1,330,650	\$0	\$24	\$20,161	8.22%
Reserves	1.22%	\$2,927	\$3.47	\$193,172	\$393,122	27%	\$393,122	\$244,588	\$51,416	\$4	\$3,706	1.51%
TOTAL COST	100%	\$239,188	\$284	\$15,786,384	\$12,784,013	3%	\$12,822,602	\$16,197,017	\$410,633	\$291	\$245,409	100%
Construction Cost Recap	43.17%	\$103,251	\$122.58	\$6,814,574				\$6,814,574		\$122.58	\$103,251	42.07%

SOURCES OF FUNDS

						% IDC		
First Lien: Wilmington Trust	26%	\$63,348	\$75	\$4,181,000	\$3,500,000	-19%	\$3,500,000	\$4,181,000
Other: Paisano Housing Redev Corp	20%	\$47,985	\$57	\$3,167,000	\$1,922,327	-65%	\$1,922,327	\$3,167,000
Other: Paisano Housing Redev Corp	22%	\$53,030	\$63	\$3,500,000	\$3,500,000	0%	\$3,500,000	\$3,500,000
HTC Equity: PNC Bank, National Association	28%	\$66,915	\$79	\$4,416,413	\$3,496,531	-26%	\$3,538,375	\$4,416,413
Capital Contribution: EPR3 Eisenhower P3 GP, LLC	0%	\$0	\$0	\$0	\$0	#DIV/0!	\$0	\$0
Capital Contribution: Columbia Housing SLP	0%	\$0	\$0	\$0	\$0	#DIV/0!	\$0	\$0
Deferred Developer Fee: Paisano HRC	6%	\$14,130	\$17	\$932,604	\$365,155	-155%	\$361,900	\$932,604
Additional (Excess) Funds Req'd	-3%	(\$6,222)	(\$7)	(\$410,633)	\$0		(\$0)	\$0
TOTAL SOURCES				\$15,786,384	\$12,784,013	-27%	\$12,822,602	\$16,197,017

	RECOMMENDED	
Developer Fee Available	\$4,181,000	
	3,167,000	\$1,828,042
	3,500,000	
	4,301,527	
	100	% of Dev. Fee Deferred
	10	35%
	636,747	
	0	15-Yr Cumulative Cash Flow
	\$15,786,384	\$1,113,547

MULTIFAMILY COMPARATIVE ANALYSIS (continued)

Eisenhower II Apartments, El Paso, # 18435/19410

PROPOSED PAYMENT COMPUTATION

First Lien: Wilmington Trust	\$4,181,000	Amort	420
Int Rate	4.61%	DCR	1.25
Other: Paisano Housing Redev Corp	\$3,167,000	Amort	0
Int Rate	3.00%	DCR	1.25
Other: Paisano Housing Redev Corp	\$3,500,000	Amort	0
Int Rate	3.00%	DCR	1.25
Other: Servicing Fee	\$0	Amort	0
Int Rate	0.00%	DCR	1.22
Other:	\$0	Amort	0
Int Rate	0.00%	DCR	1.22

RECOMMENDED FINANCING STRUCTURE: TDHCA NOI

First Lien: Wilmington Trust	\$240,872
Other: Paisano Housing Redev Corp	0
Other: Paisano Housing Redev Corp	0
Other: Servicing Fee	5,853
Other:	0
TOTAL DEBT SERVICE	\$246,725

First Lien: Wilmington Trust	\$4,181,000	Amort	420
Int Rate	4.61%	DCR	1.25
Other: Paisano Housing Redev Corp	\$3,167,000	Amort	0
Int Rate	3.00%	Aggregate DCR	1.25
Other: Paisano Housing Redev Corp	\$3,500,000	Amort	0
Int Rate	3.00%	Aggregate DCR	1.25
Other: Servicing Fee	\$0	Amort	0
Int Rate	0.00%	Aggregate DCR	1.22

LONG TERM OPERATING PRO FORMA

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 25	YEAR 30	YEAR 35	YEAR 40
EFFECTIVE GROSS INCOME	\$641,764	\$654,600	\$667,692	\$681,045	\$694,666	\$766,968	\$846,794	\$934,930	\$1,032,238	\$1,139,674	\$1,258,292	\$1,389,256
LESS: TOTAL EXPENSES	340,565	350,397	360,516	370,931	\$381,651	440,137	\$507,700	585,759	675,959	780,203	900,695	1,039,986
NET OPERATING INCOME	\$301,199	\$304,202	\$307,175	\$310,114	\$313,016	\$326,831	\$339,095	\$349,171	\$356,279	\$359,471	\$357,597	\$349,270
LESS: DEBT SERVICE	246,725	246,725	246,725	246,725	246,725	246,725	246,725	246,725	246,725	246,725	246,725	246,725
NET CASH FLOW	\$54,474	\$57,477	\$60,450	\$63,389	\$66,291	\$80,106	\$92,370	\$102,446	\$109,554	\$112,746	\$110,872	\$102,545
CUMULATIVE NET CASH FLOW	\$54,474	\$111,951	\$172,402	\$235,791	\$302,082	\$675,489	\$1,113,547	\$1,606,643	\$2,141,559	\$2,700,683	\$3,261,074	\$3,793,345
DEFERRED DEVELOPER FEE BALANCE	\$582,273	\$524,796	\$464,345	\$400,956	\$334,665	\$0	\$0	\$0	\$0	\$0	\$0	\$0
DCR ON UNDERWRITTEN DEBT (Must-Pay)	1.22	1.23	1.25	1.26	1.27	1.32	1.37	1.42	1.44	1.46	1.45	1.42
EXPENSE/EGI RATIO	53.07%	53.53%	53.99%	54.46%	54.94%	57.39%	59.96%	62.65%	65.48%	68.46%	71.58%	74.86%

HTC ALLOCATION ANALYSIS - Eisenhower II Apartments, El Paso, # 18435/19410

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S ACQUISITION ELIGIBLE BASIS	TDHCA ACQUISITION ELIGIBLE BASIS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
Acquisition Cost						
Purchase of land	\$620,000	\$620,000				
Purchase of buildings	\$2,880,000	\$2,880,000	\$2,880,000	\$2,880,000		
Closing costs & Acq. Legal Fees	\$0	\$0				
Off-Site Improvements	\$0	\$0				
Sitework	\$759,680	\$1,733,746			\$759,680	\$1,733,746
Building Costs	\$6,054,894	\$5,080,827			\$6,054,894	\$5,080,827
Contingency	\$0	\$0				
Contractor's Fees	\$1,261,378	\$954,040			\$954,040	\$954,040
Indirect Construction	\$1,165,906	\$1,165,906	\$0	\$0	\$710,007	\$710,007
Interim Financing	\$1,330,650	\$1,330,650	\$0	\$0	\$661,589	\$661,589
Developer Fees						
Developer Fees	\$1,879,922	\$1,828,042	\$0	\$0	\$1,828,042	\$1,828,042
Development Reserves	\$244,588	\$193,172				
TOTAL DEVELOPMENT COSTS	\$16,197,017	\$15,786,384	\$2,880,000	\$2,880,000	\$10,968,252	\$10,968,252

Deduct from Basis:						
Describe:						
Describe:						
Describe:						
Describe:						
Describe:					\$0	\$0
TOTAL ELIGIBLE BASIS			\$2,880,000	\$2,880,000	\$10,968,252	\$10,968,252
High Cost Area Adjustment					100%	100%
TOTAL ADJUSTED BASIS			\$2,880,000	\$2,880,000	\$10,968,252	\$10,968,252
Applicable Fraction			100%	100%	100%	100%
TOTAL QUALIFIED BASIS			\$2,880,000	\$2,880,000	\$10,968,252	\$10,968,252
Applicable Percentage			3.27%	3.27%	3.27%	3.27%
TOTAL AMOUNT OF TAX CREDITS			\$94,176	\$94,176	\$358,662	\$358,662

Syndication Rate	0.9499	\$894,582	\$894,582	\$3,406,944	\$3,406,944
Total Tax Credits (Eligible Basis Method)				\$452,838	\$452,838
Syndication Proceeds				\$4,301,525	\$4,301,525
Approved Tax Credits				\$376,008	
Syndication Proceeds				\$3,571,716	
Requested Tax Credits				\$458,105	
Syndication Proceeds				\$4,351,560	
Gap of Syndication Proceeds Needed				\$4,938,274	
Total Tax Credits (Gap Method)				\$519,871	
Recommended Tax Credits				\$452,838	
Syndication Proceeds					\$4,301,527

EP EISENHOWER P3, LP
304 Texas Ave. Ste. 1600
El Paso, TX 79901

December 9, 2024

VIA EMAIL: karen.treadwell@tdhca.state.tx.us

Attn: Karen Treadwell, Asset Manager

221 E 11 th Street

Austin, Texas 78701

Re: LITHC #19410 - Eisenhower II, Request for Credit Increase

Dear Ms. Treadwell,

EP Eisenhower P3, LP, owner of the Eisenhower II Community, is hereby requesting the final tax credit amount to be increased from \$376,008 to \$452,838. This is due to increased development costs, such as abatement, increasing eligible basis. The corresponding credit increase fee will be submitted upon the TDHCA Governing Board's approval of the requested additional tax credits.

If you have any further is needed, please reach out to me at sbhaskar@ephome.org or at (915) 849-3730.

Sincerely,

Satish Bhaskar
Authorized Representative.



Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 896

Agenda Date: 1/16/2025

Agenda #: 3.

Presentation, discussion, and possible action regarding approval of a Multifamily Direct Loan re-subordination for Residence at Ridgehill (NHTF #82900021520)

RECOMMENDED ACTION

WHEREAS, Residence at Ridgehill (Development) was submitted and approved for a Multifamily Direct Loan (MFDL) in the amount of \$492,558 awarded from the National Housing Trust Fund (NHTF) program in 2022 and was also awarded 9% Housing Tax Credits (HTCs) and Supplemental Credits in 2020 and 2022 (HTC #20186/22977), respectively, for the new construction of 43 units for the elderly in Kerrville, Kerr County;

WHEREAS, OPG Ridgehill Partners, LLC (Development Owner or Owner) is currently seeking to convert the Development's construction loan to a permanent first lien funded by a conventional loan with a proposed increase of \$200,000 to the senior debt amount, going from \$1,770,770 to \$1,970,770;

WHEREAS, as a condition to the closing, the conventional loan requires the Department to re-subordinate the NHTF loan documents but not the Land Use Restriction Agreement, and the Owner has requested approval for such re-subordination from the Department and is proposing in conjunction with this request to make a repayment to the NHTF loan in the amount of \$9,000;

WHEREAS, Board approval is required for this re-subordination, as the conditions for Executive Director approval for resubordinating the MFDL that are specified in 10 TAC §13.13(c)(2) have not been fully met; and

WHEREAS, the proposed increased loan amount does not negatively affect the financial feasibility of the Development and is being used to fund increased costs due to construction delays due to excessive rainfall and additional drainage work done to ensure long term functionality and compliance with drainage standards;

NOW, therefore, it is hereby

RESOLVED, that the request for the Department to re-subordinate its MFDL (though not its Land Use Restriction Agreements) to a \$1,970,770 senior loan is approved, subject to the proposed paydown of the MFDL in the amount of \$9,000 at closing of the first lien permanent loan being approved in writing by Legacy Bank and execution of a NHTF Contract amendment, and the Executive Director and his designees are hereby authorized, empowered, and directed to take all necessary action to effectuate the foregoing.

BACKGROUND

Residence at Ridgehill was originally awarded 9% Housing Tax Credits in 2020 and Supplemental Credits and a Multifamily Direct Loan in the amount of \$492,558 from the National Housing Trust Fund (NHTF) program in 2022 for the construction of 43 units of multifamily housing for the elderly in Kerrville, Kerr County. The MFDL is structured with a 0% interest rate and 15-year term, 40-year amortization, and is subordinate to the first lien with payments subject to available surplus cash. Annual cash flow payments for the NHTF loan will be due starting January 1, 2026. Construction of the Development is complete, and the cost certification documentation for the Development is currently under review by the Department.

In a letter dated December 10, 2024, April Engstrom, the Owner's representative, requested approval for an increase of \$200,000 to the approved permanent loan amount and a re-subordination of MFDL lien. The Owner explained that during the construction process the Development experienced substantial delays due to excessive rainfall. Furthermore, to ensure long-term functionality and compliance with drainage standards, additional drainage work was necessary. Both of these factors resulted in higher than anticipated construction costs. The requested loan increase is necessary to bridge the funding gap.

At the time of closing of the MFDL, the annual debt service for the permanent first lien was anticipated to be \$102,745 based on a \$1,770,770 loan with a 5.02% interest rate, and a 15-year term/40-year amortization. The Owner is now seeking to convert to the permanent debt and proposes an increased loan in the amount of \$1,970,770 with a 5.02% interest rate, and a 35-year term/35-year amortization, which would result in annual debt service of \$119,657.

Staff is currently reviewing the cost certification documentation for the Development and performed a financial analysis using the new proposed permanent loan amount and terms. Based on staff's pro forma, the projected Debt Coverage Ratio (DCR) with the new debt would be 1.48, and confirms that the Development is expected to maintain financial feasibility with the increased senior debt.

However, not all of the conditions specified in 10 TAC §13.13(c)(2) have been met to allow for this re-subordination request to be approved administratively by the Executive Director. Therefore, Board approval is necessary for re-subordination of the Department's MFDL lien to the proposed increased first lien of \$1,970,770, which is \$200,000 greater than the originally proposed debt of \$1,770,770 at application. The Owner has requested approval for such re-subordination from the Department and is proposing in conjunction with this request to make a repayment to the NHTF loan in the amount of \$9,000.

Staff recommends approval of the re-subordination request for the increased first lien debt of \$1,970,770, subject to the proposed paydown of the MFDL in the amount of \$9,000 at closing of the permanent first lien loan being approved in writing by Legacy Bank and execution of a

NHTF Contract amendment.

PRO FORMA ANALYSIS & DEVELOPMENT COSTS

POTENTIAL GROSS RENT

Secondary Income		Per Unit/Month	\$20.00										
Other Income:	Late Charges												
Other Income:	Damages, Reletting, Interest, Cable Service, Miscellaneous, & Write-offs												
POTENTIAL GROSS INCOME													
Vacancy & Collection Loss		% of PGI	-7.5%										
EO/Non-Rental Units/Concessions													
EFFECTIVE GROSS INCOME													

EXPENSES

General & Administrative		% of EGI		Per Unit	Per SF									Per SF	Per Unit	% of EGI	
Management		6.15%	\$600	\$0.88										\$1.13	\$767	7.87%	
Payroll & Payroll Tax		5.00%	\$487	\$0.72										\$0.72	\$487	5.00%	
Repairs & Maintenance		13.35%	\$1,302	\$1.92										\$2.65	\$1,794	18.40%	
Electric/Gas		9.11%	\$888	\$1.31										\$1.34	\$908	9.31%	
Water, Sewer, & Trash		4.22%	\$411	\$0.61										\$0.60	\$409	4.20%	
Property Insurance		3.50%	\$341	\$0.50										\$0.58	\$395	4.06%	
Property Tax		6.86%	\$669	\$0.99										\$0.99	\$669	6.87%	
Reserve for Replacements	100%	1.85%	\$158	\$0.23										\$0.88	\$599	6.17%	
Cable TV		2.56%	\$250	\$0.37										\$0.37	\$250	2.57%	
Supportive service contract fees		0.00%	\$0	\$0.00										\$0.00	\$0	0.00%	
TDHCA Compliance fees		0.00%	\$0	\$0.00										\$0.00	\$0	0.00%	
TDHCA Bond Administration Fees (TDHCA as Bond Issuer Only)		0.41%	\$40	\$0.06										\$0.06	\$40	0.41%	
Security		0.00%	\$0	\$0.00										\$0.00	\$0	0.00%	
Other		0.35%	\$34	\$0.05										\$0.05	\$34	0.35%	
TOTAL EXPENSES		57.65%	\$5,620	\$8.29										\$9.37	\$6,353	65.18%	
NET OPERATING INCOME		42.35%	\$4,128	\$6.09										\$5.01	\$3,393	34.82%	

DEBT

First Lien: Legacy Bank & Trust Company																	
Other: U.S. Dept. of Housing & Urban Develop./Tx Dept. of Housing & Community Affairs																	
TOTAL DEBT SERVICE																	
NET CASH FLOW																	
AGGREGATE DEBT COVERAGE RATIO																	
RECOMMENDED DEBT COVERAGE RATIO																	

CONSTRUCTION COST

Land Acquisition		% of TOTAL		Per Unit	Per SF										Per SF	Per Unit	% of TOTAL
Building Acquisition		4.38%	\$12,056	\$17.78										\$18	\$12,056	4.38%	
Closing costs & acq. legal fees		0.00%	\$0	\$0.00										\$0	\$0	0.00%	
Off-Sites		0.51%	\$1,398	\$2.06										\$2	\$1,398	0.51%	
Sitework		4.16%	\$11,442	\$16.88										\$17	\$11,442	4.16%	
Site Amenities		16.65%	\$45,824	\$67.60										\$31	\$20,694	7.52%	
Other Construction Cost																	
Building Costs		40.93%	\$112,614	\$166.12											\$203	\$137,744	50.06%
Contingency																	
Contractor's Fees		7.83%	\$21,550	\$31.79											\$32	\$21,550	7.83%
Indirect Construction		7.72%	\$21,234	\$31.32											\$31	\$21,234	7.72%
Developer's Fees	13.95%	10.73%	\$29,535	\$43.57											\$44	\$29,535	10.73%
Financing		5.90%	\$16,234	\$23.95											\$24	\$16,234	5.90%
Reserves		1.00%	\$3,256	\$4.80											\$5	\$3,256	1.18%
TOTAL COST		100%	\$275,143	\$406											\$406	\$275,143	100%
Construction Cost Recap		61.74%	\$169,880	\$250.59											\$250.59	\$169,880	61.74%

SOURCES OF FUNDS

First Lien: Legacy Bank & Trust Company		17%	\$45,832	\$68													
Other: U.S. Dept. of Housing & Urban Develop./Tx Dept. of Housing & Community Affairs		4%	\$11,455	\$17													
HTC Equity: MHEG Fund 54, LP		71%	\$195,346	\$288													
- City of Kerrville		0%	\$0	\$0													
- Direct Loan Match		0%	\$0	\$0													
Deferred Developer Fee: Overland Property Group Developers		8%	\$22,511	\$33													
Additional (Excess) Funds Req'd		0%	(\$0)	(\$0)													
TOTAL SOURCES																	

% TDC

RECOMMENDED

Developer Fee Available

\$1,270,000

8,399,877

0

0

967,962

0

\$11,831,167

76%

15-Yr Cumulative Cash Flow

\$986,791

MULTIFAMILY COMPARATIVE ANALYSIS (continued)

The Residence at Ridgehill, Kerrville, # 22977

PROPOSED PAYMENT COMPUTATION

First Lien: Legacy Bank & Trust Company	\$1,970,770	Amort	420
Int Rate	5.02%	DCR	1.48
Other: U.S. Dept. of Housing & Urban Develop./Tx Dept. of Housin	\$492,558	Amort	0
Int Rate	0.00%	DCR	1.48
Other:	\$0	Amort	0
Int Rate	0.00%	DCR	1.48

RECOMMENDED FINANCING STRUCTURE: TDHCA NOI

First Lien: Legacy Bank & Trust Company	\$119,657
Other: U.S. Dept. of Housing & Urban Develop./Tx Dept. of Housing & Community Affairs	0
Other:	0
TOTAL DEBT SERVICE	\$119,657

First Lien: Legacy Bank & Trust Company	\$1,970,770	Amort	420
Int Rate	5.02%	DCR	1.48
Other: U.S. Dept. of Housing & Urban Develop./Tx Dept. of Housin	\$492,558	Amort	0
Int Rate	0.00%	Aggregate DCR	1.48
Other:	\$0	Amort	0
Int Rate	0.00%	Aggregate DCR	1.48

LONG TERM OPERATING PRO FORMA

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 25	YEAR 30	YEAR 35	YEAR 40
EFFECTIVE GROSS INCOME	\$419,192	\$427,575	\$436,127	\$444,849	\$453,746	\$500,973	\$553,114	\$610,683	\$674,243	\$744,419	\$821,899	\$907,443
LESS: TOTAL EXPENSES	241,679	248,720	255,968	263,429	\$271,110	313,038	\$361,514	417,568	482,390	557,362	644,081	744,398
NET OPERATING INCOME	\$177,512	\$178,855	\$180,159	\$181,420	\$182,637	\$187,935	\$191,600	\$193,115	\$191,853	\$187,057	\$177,818	\$163,045
LESS: DEBT SERVICE	119,657	119,657	119,657	119,657	119,657	119,657	119,657	119,657	119,657	119,657	119,657	119,657
NET CASH FLOW	\$57,855	\$59,198	\$60,502	\$61,764	\$62,980	\$68,278	\$71,943	\$73,458	\$72,196	\$67,400	\$58,161	\$43,388
CUMULATIVE NET CASH FLOW	\$57,855	\$117,054	\$177,556	\$239,320	\$302,300	\$633,656	\$986,791	\$1,352,029	\$1,716,787	\$2,064,964	\$2,376,230	\$2,625,174
DEFERRED DEVELOPER FEE BALANCE	\$910,107	\$850,908	\$790,406	\$728,642	\$665,662	\$334,306	\$0	\$0	\$0	\$0	\$0	\$0
DCR ON UNDERWRITTEN DEBT (Must-Pay)	1.48	1.49	1.51	1.52	1.53	1.57	1.60	1.61	1.60	1.56	1.49	1.36
EXPENSE/EGI RATIO	57.65%	58.17%	58.69%	59.22%	59.75%	62.49%	65.36%	68.38%	71.55%	74.87%	78.36%	82.03%



December 10, 2024

**Re: Request for Permanent Loan Increase – The Residence at Ridgehill,
OPG Ridgehill Partners, LLC
170 Lehmann Dr., Kerrville, TX
Application #20186**

Cody,

I am writing to formally request an amendment for an increase of \$200,000 to the approved permanent loan amount for The Residence at Ridgehill. This request arises from unforeseen circumstances that have significantly impacted our construction timeline and costs.

During the development process, our construction schedule experienced substantial delays due to excessive rainfall. Furthermore, to ensure long-term functionality and compliance with drainage standards, additional drainage work was necessary. Both of these factors have resulted in higher-than-anticipated construction costs.

The requested loan increase is critical to bridging the funding gap and ensuring a successful conversion of this project. Both the lender, Legacy Bank & Trust, and the investor, Midwest Housing Equity Group, have approved this increase to the permanent loan. We have processed a construction loan modification, extending our loan maturity date to the end of January, at which time we will need to pay off the construction loan in full and convert.

In conjunction with this request, OPG Ridgehill Partners, LLC agrees to make a repayment to the NHTF loan in the amount of \$9,000.

Thank you for your time and consideration of this request. Please don't hesitate to reach out with any questions.

Best,

April Engstrom
Director of Development
Overland Property Group
Phone: 785-212-0810
Email: aengstrom@overlandpg.com



Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 891

Agenda Date: 01/16/2025

Agenda #: 4

Presentation, discussion, and possible action on an order proposing the repeal of 10 TAC Chapter 5, Section 8 Housing Choice Voucher Program, and an order proposing new 10 TAC Chapter 5, Section 8 Housing Choice Voucher Program, and directing their publication for public comment in the Texas Register

**TO BE POSTED
NOT LATER THAN
THE THIRD DAY
BEFORE THE
DATE OF THE
MEETING**



Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 902

Agenda Date: 1/16/2025

Agenda #: 5.

Presentation, discussion, and possible action on an order proposing the repeal of 10 TAC §1.15, Integrated Housing Rule; an order proposing new 10 TAC §1.15, Integrated Housing Rule; and directing their publication for public comment in the *Texas Register*

RECOMMENDED ACTION

WHEREAS, pursuant to Tex. Gov't Code §2306.053, the Texas Department of Housing and Community Affairs (the Department) is authorized to adopt rules governing the administration of the Department and its programs;

WHEREAS, the provision of integrated housing through the Department's programs is authorized by Tex. Gov't Code §2306.111(g), which directs that the Department's funding priorities should provide that funds are awarded, when feasible, based on a project's ability to provide integrated affordable housing;

WHEREAS, the current rule that relates to Integrated Housing was last amended in March 2021 and is in need of revisions, and such revisions are being proposed through the repeal of the current rule and a simultaneous new rule to be proposed in its place;

WHEREAS, the needed revisions include updates to references and minor technical corrections; and

WHEREAS, such proposed rulemaking will be published in the *Texas Register* for public comment and subsequently returned to the Board for final adoption;

NOW, therefore, it is hereby

RESOLVED, that the Executive Director and his designees be and each of them hereby are authorized, empowered, and directed, for and on behalf of the Department, to cause the proposed actions herein in the form presented to this meeting, to be published in the *Texas Register* for public comment, and in connection therewith, make such non-substantive technical corrections as they may deem necessary to effectuate the foregoing including any requested revisions to the preambles.

BACKGROUND

Tex. Gov't Code §2306.111(g) directs that the Department's funding priorities should provide that funds be awarded, when feasible, based on a project's ability to provide integrated affordable housing. The related rule at 10 TAC §1.15 ensures that housing developments that are subject to the rule do not restrict occupancy solely to households with disabilities, with a maximum integration limit dependent on the size of the housing development. The current rule was last amended in March 2021. Changes include updates to references and minor technical corrections.

Behind the preamble for the proposed amendment the rule is shown reflecting the proposed changes. This rule will be released for public comment and returned to the Board for final adoption.

Attachment 1: Preamble, including required analysis, for proposed repeal of 10 TAC §1.15, Integrated Housing Rule

The Texas Department of Housing and Community Affairs (the Department) proposes the repeal of 10 TAC §1.15, Integrated Housing Rule. The purpose of the proposed repeal is to include updates to references and make minor technical corrections.

Tex. Gov't Code §2001.0045(b) does not apply to the rule proposed for action because it was determined that no costs are associated with this action, and therefore no costs warrant being offset.

The Department has analyzed this proposed rulemaking and the analysis is described below for each category of analysis performed.

a. GOVERNMENT GROWTH IMPACT STATEMENT REQUIRED BY TEX. GOV'T CODE §2001.0221.

Mr. Bobby Wilkinson has determined that, for the first five years the repeal would be in effect:

1. The repeal does not create or eliminate a government program but relates to changes to an existing activity: requirements relating to integrated housing for recipients of Department funds.
2. The repeal does not require a change in work that would require the creation of new employee positions, nor are the rule changes significant enough to reduce work load to a degree that eliminates any existing employee positions.
3. The repeal does not require additional future legislative appropriations.
4. The repeal will not result in an increase in fees paid to the Department, nor in a decrease in fees paid to the Department.
5. The repeal is not creating a new regulation, except that it is being replaced by a new rule simultaneously to provide for revisions.
6. The repeal will not expand, limit, or repeal an existing regulation.
7. The repeal will not increase or decrease the number of individuals subject to the rule's applicability.
8. The repeal will not negatively or positively affect the state's economy.

b. ADVERSE ECONOMIC IMPACT ON SMALL OR MICRO-BUSINESSES OR RURAL COMMUNITIES AND REGULATORY FLEXIBILITY REQUIRED BY TEX. GOV'T CODE §2006.002.

The Department has evaluated the repeal and determined that the repeal will not create an economic effect on small or micro-businesses or rural communities.

c. TAKINGS IMPACT ASSESSMENT REQUIRED BY TEX. GOV'T CODE §2007.043. The repeal does not contemplate or authorize a taking by the Department; therefore, no Takings Impact Assessment is required.

d. LOCAL EMPLOYMENT IMPACT STATEMENTS REQUIRED BY TEX. GOV'T CODE §2001.024(a)(6).

The Department has evaluated the repeal as to its possible effects on local economies and has determined that for the first five years the repeal would be in effect there would be no economic effect on local employment; therefore, no local employment impact statement is required to be prepared for the rule.

e. PUBLIC BENEFIT/COST NOTE REQUIRED BY TEX. GOV'T CODE §2001.024(a)(5). Mr. Wilkinson has determined that, for each year of the first five years the repeal is in effect, the public benefit anticipated as a result of the changed section would be an updated and more germane rule. There will not be economic costs to individuals required to comply with the repealed section.

f. FISCAL NOTE REQUIRED BY TEX. GOV'T CODE §2001.024(a)(4). Mr. Wilkinson also has determined that for each year of the first five years the repeal is in effect, enforcing or administering the repeal does not have any foreseeable implications related to costs or revenues of the state or local governments.

REQUEST FOR PUBLIC COMMENT. The public comment period will be held January 31, 2025 through March 4, 2025, to receive input on the proposed action. Comments may be submitted to the Texas Department of Housing and Community Affairs, Attn: Brooke Boston at brooke.boston@tdhca.state.tx.us. ALL COMMENTS MUST BE RECEIVED BY 5:00 p.m., Austin local time, March 4, 2025.

STATUTORY AUTHORITY. The repeal is made pursuant to Tex. Gov't Code §2306.053, which authorizes the Department to adopt rules. Except as described herein the repeal affects no other code, article, or statute.

10 TAC §1.15, Integrated Housing Rule

Attachment 2: Preamble, including required analysis, for proposed new 10 TAC §1.15, Integrated Housing Rule

The Texas Department of Housing and Community Affairs (the Department) proposes new 10 TAC §1.15, Integrated Housing Rule. The purpose of the proposed repeal is to include updates to references and make minor technical corrections.

Tex. Gov't Code §2001.0045(b) does not apply to the rule because it was determined that no costs are associated with this action, and therefore no costs warrant being offset.

The Department has analyzed this rulemaking and the analysis is described below for each category of analysis performed.

a. GOVERNMENT GROWTH IMPACT STATEMENT REQUIRED BY TEX. GOV'T CODE §2001.0221.

Mr. Bobby Wilkinson has determined that, for the first five years the new section would be in effect:

1. The new section does not create or eliminate a government program but relates to changes to an existing activity: requirements relating to integrated housing for recipients of Department funds.
2. The new section does not require a change in work that would require the creation of new employee positions, nor are the rule changes significant enough to reduce work load to a degree that eliminates any existing employee positions.
3. The new section does not require additional future legislative appropriations.
4. The new section will not result in an increase in fees paid to the Department, nor in a decrease in fees paid to the Department.
5. The new section is not creating a new regulation, except that they are replacing sections being repealed simultaneously to provide for revisions.
6. The new section will not expand, limit, or repeal an existing regulation.
7. The new section will not increase or decrease the number of individuals subject to the rule's applicability.
8. The new section will not negatively or positively affect the state's economy.

b. ADVERSE ECONOMIC IMPACT ON SMALL OR MICRO-BUSINESSES OR RURAL COMMUNITIES AND REGULATORY FLEXIBILITY REQUIRED BY TEX. GOV'T CODE §2006.002.

The Department has evaluated the new section and determined that it will not create an economic effect on small or micro-businesses or rural communities.

c. TAKINGS IMPACT ASSESSMENT REQUIRED BY TEX. GOV'T CODE §2007.043. The new section does not contemplate nor authorize a taking by the Department; therefore, no Takings Impact Assessment is required.

d. LOCAL EMPLOYMENT IMPACT STATEMENTS REQUIRED BY TEX. GOV'T CODE §2001.024(a)(6).

The Department has evaluated the new section as to its possible effects on local economies and has determined that for the first five years the new section would be in effect there would be no economic effect on local employment; therefore, no local employment impact statement is required to be prepared for the rule.

e. PUBLIC BENEFIT/COST NOTE REQUIRED BY TEX. GOV'T CODE §2001.024(a)(5). Mr. Wilkinson has determined that, for each year of the first five years the new section is in effect, the public benefit anticipated as a result of the new section would be a more current and germane rule. There will not be economic costs to individuals required to comply with the new section.

f. FISCAL NOTE REQUIRED BY TEX. GOV'T CODE §2001.024(a)(4). Mr. Wilkinson also has determined that for each year of the first five years the new section is in effect, enforcing or administering the section does not have any foreseeable implications related to costs or revenues of the state or local governments.

REQUEST FOR PUBLIC COMMENT. The public comment period will be held January 31, 2025 through March 4, 2025, to receive input on the proposed action. Comments may be submitted to the Texas Department of Housing and Community Affairs, Attn: Brooke Boston at brooke.boston@tdhca.state.tx.us. ALL COMMENTS MUST BE RECEIVED BY 5:00 p.m., Austin local time, March 4, 2025.

STATUTORY AUTHORITY. The new section is made pursuant to Tex. Gov't Code §2306.053, which authorizes the Department to adopt rules. Except as described herein the new sections affects no other code, article, or statute.

10 TAC §1.15, Integrated Housing Rule

(a) Purpose. It is the purpose of this section to provide a standard by which Developments funded by the Department offer an integrated housing opportunity for Households with Disabilities. This rule is authorized by Tex. Gov't Code, §2306.111(g) that promotes projects that provide integrated affordable housing.

(b) Definitions. The following words and terms, when used in this section, shall have the following meanings, unless the context clearly indicates otherwise.

(1) Capitalized words used herein have the meaning assigned in the specific Chapters and Rules of this Part that govern the program associated with the funded or awarded Development, or assigned by federal or state law.

(2) Households with Disabilities--A Household composed of one or more persons, at least one of whom is an individual who is determined to have a physical or mental impairment that substantially limits one or more major life activities; or having a record of such an impairment; or being regarded as having such an impairment. Included in this meaning is the term handicap as defined in the Fair Housing Act or disability as defined by other applicable federal or state law.

(3) Integrated Housing--Living arrangements typical of the general population. Integration is achieved when Households with Disabilities have the option to choose housing units that are located among units that are not reserved or set aside for Households with Disabilities. Integrated Housing is distinctly different from assisted living facilities/arrangements.

(4) Unit--has the meaning in §11.1(d)Chapter 11 of this title, or of Single Family HousingDwelling Unit in §20.3Chapter 20 of this title, or Dwelling Unit in §7.2Chapter 7 of this title, or as determined by the applicable funding source or funding announcement.

(c) Applicability. This rule applies to:

(1) All Multifamily Developments subject to Chapter 11 of this title, Chapter 12 of this title (relating to Multifamily Housing Revenue Bond Rules), and Chapter 13 of this title (relating to Multifamily Direct Loan Rule), with the exclusion of Transitional Housing Developments;

(2) Single Family Developments subject to Chapter 23, Subchapter F, Single Family Development Program, of this title (relating to Single Family HOME Program), §7.3 of this title, or done with Neighborhood Stabilization Program funds, with the exclusion of Shelters, Transitional Housing, and Scattered-site developments, meaning one to four family dwellings located on sites that are on non-adjacent lots, with no more than four units on any one site; and

(3) Only the restrictions or set asides placed on Units through a Contract, LURA, or financing source that limits occupancy to Persons with Disabilities. This rule does not prohibit a Development from having a higher percentage of actual occupants who are Persons with Disabilities.

(4) Previously awarded Multifamily Developments that would no longer be compliant with this rule are not considered to be in violation of the percentages described in subsection (d)(2) or subsection (d)(3) of this section if the award is made prior to September 1, 2018, and the restrictions or set asides were already on the Development or adopted in the Application for the Development.

(d) Integrated Housing Standard. Units exclusively set aside or containing a preference for Households with Disabilities must be dispersed throughout a Development.

(1) A Development may not market or restrict occupancy solely to Households with Disabilities unless required by a federal funding source.

(2) Developments with 50 or more Units shall not exclusively set aside more than 25% of the total Units in the Development for Households with Disabilities.

(3) Developments with fewer than 50 Units shall not exclusively set aside more than 36% of the Units in the Development for Households with Disabilities.

(e) Board Waiver. The Board may waive the requirements of this rule if the Board can affirm that the waiver of the rule is necessary to serve a population or subpopulation that would not be adequately served without the waiver, and that the Development, even with the waiver, does not substantially deviate from the principle of Integrated Housing.



Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 903

Agenda Date: 01/16/2025

Agenda #: 6

Presentation, discussion, and possible action on an order proposing the repeal of 10 TAC Chapter 2, Subchapter B, Enforcement for Noncompliance with Program Requirements of Chapters 6 and 7, §2.201, Cost Reimbursement, and §2.202 Sanctions and Contract Closeout; an order proposing new 10 TAC Chapter 2, Subchapter B, Enforcement for Noncompliance with Program Requirements of Chapters 6 and 7, §2.201, Cost Reimbursement, and §2.202 Sanctions and Contract Closeout; and directing their publication for public comment in the Texas Register

**TO BE POSTED
NOT LATER THAN
THE THIRD DAY
BEFORE THE
DATE OF THE
MEETING**



Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 904

Agenda Date: 1/16/2025

Agenda #: 7.

Presentation, discussion, and possible action on an order proposing amendments to 10 TAC Chapter 1, Subchapter D, Uniform Guidance for Recipients of Federal and State Funds, §1.401, Effective Date and Definitions, §1.404, Purchase and Procurement Standards, and §1.407, Inventory Report; and directing its publication in the *Texas Register*

RECOMMENDED ACTION

WHEREAS, the current rule relating to the guidance that must be followed uniformly by recipients of federal and state funds, at 10 TAC Chapter 1, Subchapter D, is in need of revisions, and such revision is being proposed through amendments to the current rule;

WHEREAS, the needed revisions are required to comply with the Texas Grant Management Standards (TxGMS) Version 2.0, which were published by the Texas Comptroller of Public Accounts in October 2024, and which replace the TxGMS Version 1.1; and

WHEREAS, such proposed rulemaking will be published in the *Texas Register* for public comment;

NOW, therefore, it is hereby

RESOLVED, that the Executive Director and his designees be and each of them hereby are authorized, empowered, and directed, for and on behalf of the Department, to cause the actions herein in the form presented to this meeting, to be published in the *Texas Register*, and in connection therewith, make such non-substantive technical corrections as they may deem necessary to effectuate the foregoing including any requested revisions to the preambles.

BACKGROUND

10 TAC Chapter 1, Subchapter D, Uniform Guidance for Recipients of Federal and State Funds, has been identified by staff as needing revisions. The Comptroller published the Texas Grant Management Standards (TxGMS), Version 2.0 in October 2024. This document replaces the TxGMS, Version 1.1. Agencies have a crossover period until the end of state fiscal 2025 to apply either the rules in TxGMS Version 1.1 or TxGMS Version 2.0 to a specific grant program. Beginning Sept. 1, 2025 (the start of state fiscal year 2026), TxGMS Version 2.0 will be required. Staff is making the rule changes associated with Version 2.0 at this time. Changes relate to equipment, inventory, procurement, and audit report thresholds.

- §1.401. Effective Date and Definitions: revises the definition for Equipment to bring it into alignment with TxGMS 2.0.
- §1.403. Single Audit Requirements: raises the Single Audit Threshold for Subrecipient Fiscal Years Starting on or after October 1, 2024.
- §1.404. Purchase and Procurement Standards: Makes revisions to the category of micro-purchases.

- §1.407. Inventory Report: Adjusts the amount of supplies that must be reported in the inventory from \$5,000 to \$10,000.

Upon approval by the Board the amendments will be released for public comment and returned to the Board for final adoption.

Attachment: Preamble, including required analysis, for proposed amendments to 10 TAC Chapter 1, Subchapter D, Uniform Guidance for Recipients of Federal and State Funds, §1.401, Effective Date and Definitions, §1.403, Single Audit Requirements, §1.404, Purchase and Procurement Standards, and §1.407, Inventory Report

The Texas Department of Housing and Community Affairs (the Department) proposes amendments to 10 TAC Chapter 1, Subchapter D, Uniform Guidance for Recipients of Federal and State Funds, §1.401, Effective Date and Definitions, §1.403, Single Audit Requirements, §1.404, Purchase and Procurement Standards, and §1.407, Inventory Report. The purpose of the amendments is to bring the rule into conformance with the Texas Grant Management Standards Version 2.0 published by the Texas Comptroller of Public Accounts in October 2024.

Tex. Gov't Code §2001.0045(b) does not apply to the rule because it was determined that no costs are associated with this action, and therefore no costs warrant being offset.

The Department has analyzed this rulemaking and the analysis is described below for each category of analysis performed.

a. GOVERNMENT GROWTH IMPACT STATEMENT REQUIRED BY TEX. GOV'T CODE §2001.0221.

Mr. Bobby Wilkinson has determined that, for the first five years the amendments would be in effect:

1. The amendments do not create or eliminate a government program but relate to changes to an existing activity: how state and federal requirements are applied to recipients of Department funds.
2. The amendments do not require a change in work that would require the creation of new employee positions, nor are the rule changes significant enough to reduce work load to a degree that eliminates any existing employee positions.
3. The amendments do not require additional future legislative appropriations.
4. The amendments will not result in an increase in fees paid to the Department, nor in a decrease in fees paid to the Department.
5. The amendments are not creating a new regulation.
6. The amendments will amend an existing regulation.
7. The amendments will not increase or decrease the number of individuals subject to the rule's applicability.
8. The amendments will not negatively or positively affect the state's economy.

b. ADVERSE ECONOMIC IMPACT ON SMALL OR MICRO-BUSINESSES OR RURAL COMMUNITIES AND REGULATORY FLEXIBILITY REQUIRED BY TEX. GOV'T CODE §2006.002.

The Department has evaluated the amendments and determined that the amendments will not create an economic effect on small or micro-businesses or rural communities.

c. TAKINGS IMPACT ASSESSMENT REQUIRED BY TEX. GOV'T CODE §2007.043. The amendments does not contemplate or authorize a taking by the Department; therefore, no Takings Impact Assessment is required.

d. LOCAL EMPLOYMENT IMPACT STATEMENTS REQUIRED BY TEX. GOV'T CODE §2001.024(a)(6).

The Department has evaluated the amendments as to their possible effects on local economies and has determined that for the first five years the amendments would be in effect there would be no economic effect on local employment; therefore, no local employment impact statement is required to be prepared for the rule.

e. PUBLIC BENEFIT/COST NOTE REQUIRED BY TEX. GOV'T CODE §2001.024(a)(5). Mr. Wilkinson has determined that, for each year of the first five years the amendments are in effect, the public benefit anticipated as a result of the changed sections would be an updated and compliant rule. There will not be economic costs to individuals required to comply with the amended section.

f. FISCAL NOTE REQUIRED BY TEX. GOV'T CODE §2001.024(a)(4). Mr. Wilkinson also has determined that for each year of the first five years the amendments are in effect, enforcing or administering the amendments does not have any foreseeable implications related to costs or revenues of the state or local governments.

PUBLIC COMMENT. The public comment period will be held from December 27, 2024 through January 28, 2025, to receive input on the proposed action.

STATUTORY AUTHORITY. The amendments are made pursuant to Tex. Gov't Code §2306.053, which authorizes the Department to adopt rules. Except as described herein the amendments affects no other code, article, or statute.

§1.401. Effective Date and Definition

(a) Revisions to this Subchapter reflect updates to 2 CFR Part 180 and 2 CFR Part 200, ~~which~~ and are generally effective for Contracts executed on or after October 1, 2024. This rule also reflects conformance with the Texas Grant Management Standards Version 2.0 (TxGMS) published by the Texas Comptroller of Public Accounts, which are effective for Contracts executed on or after September 1, 2025. TxGMS 2.0 may also be incorporated into Contracts executed on or after October 1, 2024, and will be incorporated into Contracts where funds are added on or after September 1, 2025. Previous versions of these rules as memorialized in Contracts will continue to be effective, ~~unless the Contract is amended to reflected TxGMS 2.0. unless the Contract is amended to add additional funds on or after October 1, 2024, and that amendment specifically incorporates some or all of the provisions in the rule, to the extent federally allowed.~~

(b) Definitions. The following words and terms, when used in this subchapter, shall have the following meanings, unless the context clearly indicates otherwise. Capitalized words used herein have the meaning assigned in the specific Chapters and Rules of this title that govern the program associated with the request, or assigned by federal or state law.

(1) Affiliate--Shall have the meaning assigned by the specific program or programs described in this part.

(2) Department--The Texas Department of Housing and Community Affairs.

(3) Equipment--tangible personal property having a useful life of more than one year or a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by entity for financial statement purposes, or \$10,000 ~~(except in the case of Contracts subject to TXGMS or UGMS, in which case \$5,000).~~

(4) Professional services--for a unit of government is as defined by state law. For Private Nonprofit Organizations it means services:

(A) within the scope of the practice, as defined by state law, of:

- (i) accounting;
- (ii) architecture;
- (iii) landscape architecture;
- (iv) land surveying;
- (v) medicine;
- (vi) optometry;
- (vii) professional engineering;
- (viii) real estate appraising;
- (ix) professional nursing; or
- (x) legal services; or

(B) provided in connection with the professional employment or practice of a person who is licensed or registered as:

- (i) a certified public accountant;
- (ii) an architect;
- (iii) a landscape architect;
- (iv) a land surveyor;
- (v) a physician, including a surgeon;
- (vi) an optometrist;
- (vii) a professional engineer;
- (viii) a state certified or state licensed real estate appraiser;
- (ix) attorney; or
- (x) a registered nurse.

(5) Single Audit--The audit required by Office of Management and Budget (OMB), 2 CFR Part 200, Subpart F, or Tex. Gov't Code, chapter 783, Uniform Grant and Contract Management, as reflected in an audit report.

(6) Single Audit Certification Form--A form that lists the source(s) and amount(s) of Federal funds and/or State funds expended by the Subrecipient during their fiscal year along with the outstanding balance of any loans made with federal or state funds if there are continuing compliance requirements other than repayment of the loan.

(7) Subrecipient--Includes an entity receiving or applying for federal or state funds from the Department under Chapters 6, 7, 20, 23, 24, 25, or 26 as identified by Contract or in this subchapter. Except as otherwise noted in this subchapter or by Contract, the definition does not include Applicants/Owners who have applied for and/or received funds under a program administered by the Multifamily Finance Division, except for CHDO Operating funds, a grant made to a unit of government or nonprofit organization, or Affiliate, or TCAP-RF grants or loans when made to a unit of government or nonprofit organization or Affiliate. Except as otherwise noted in this subchapter or by Contract, this definition does not include vendors having been procured by the Department for goods or services. A Subrecipient may also be referred to as Administrator.

(8) Supplies--means tangible personal property other than "Equipment" in this section.

(9) Texas Grant Management Standards (TxGMS)--The standardized set of financial management procedures and definitions established by Tex. Gov't Code, chapter 783 regarding Uniform Grant and Contract Management to promote the efficient use of public funds by requiring consistency among grantor agencies in their dealings with grantees, and by ensuring accountability for the expenditure of public funds. This includes TxGMS Version 2.0 published by the Texas Comptroller of Public Accounts in October 2024. State agencies are required to adhere to these standards when administering grants and other financial assistance agreements with cities, counties and other political subdivisions of the state. This includes all Public Organizations including public housing and housing finance agencies. In addition, Tex. Gov't Code Chapter 2105, regarding Administration of Block Grants, subjects subrecipients of federal block grants (as defined therein) to TxGMS.

(10) Uniform Grant Management Standards (UGMS)--the standardized set of financial management procedures used by the Department in Contracts that began before January 1, 2022.

§1.403. Single Audit Requirements

(a) For this section, the word Subrecipient also includes Multifamily Development Owners who have applied for or received Direct Loan Funds, grants or 811 PRA funds from the Department who are or have an Affiliate that is required to submit a Single Audit, i.e. units of government, nonprofit organizations.

(b) Procurement of a Single Auditor. A Subrecipient or Affiliate must procure their single auditor in the following manner unless subject to a different requirement in the Local Government Code:

(1) Competitive Proposal procedures whereby competitors' qualifications are evaluated and a contract awarded to the most qualified competitor. Proposals should be advertised broadly, which may include going outside the entity's service area, and solicited from an adequate number (usually two or more) of qualified sources. Procurements must be conducted in a manner that prohibits the use of in-state or local geographical preferences in the evaluation of bids or proposals;

(2) A Subrecipient may not use the sealed bid method for procurement of the Single Auditor. There is no requirement that the selected audit firm be geographically located near the

Subrecipient. If a Subrecipient does not receive proposals from firms with appropriate experience or responses with a price that is not reasonable compared to the cost price analysis, the submissions must be rejected and procurement must be re-performed.

(c) A Subrecipient or Affiliate must confirm that it is contracting with an audit firm that is properly licensed to perform the Single Audit and is not on a limited scope status or under any other sanction, reprimand or violation with the Texas State Board of Public Accountancy. The Subrecipient must ensure that the Single Audit is performed in accordance with the limitations on the auditor's license.

(d) A Subrecipient is required to submit a Single Audit Certification form within two (2) months after the end of its fiscal year indicating the amount they expended in Federal and State funds during the fiscal year and the outstanding balance of any loans made with federal funds if there are continuing compliance requirements other than repayment of the loan.

(e) Subrecipients that expend \$1,000,000 or more in an entity's fiscal year that starts on or after October 1, 2024 (or in the case of an entity's fiscal years \$750,000 starting before October 1, 2024, \$750,000 or more) in federal and/or state awards or have an outstanding loan balance associated with a federal or state resource of \$1,000,000 or \$750,000 (as applicable for the fiscal year) \$750,000 or more with continuing compliance requirements, or a combination thereof must have a Single Audit or program-specific audit conducted. If the Subrecipient's Single Audit is required by 2 CFR 200, subpart F, the report must be submitted to the Federal Audit Clearinghouse the earlier of 30 calendar days after receipt of the auditor's report or nine (9) months after the end of its respective fiscal year. If a Single Audit is required but not under 2 CFR Part 200, subpart F, the report must be submitted to the Department the earlier of 30 calendar days after receipt of the auditor's report or nine months after the end of its respective fiscal year. If the deadline is on a Saturday, Sunday, federal holiday (for a Single Audit required to be submitted to the Federal Audit Clearinghouse), or a state holiday (for a Single Audit required to be submitted to the Department), the deadline is the next business day.

(f) Subrecipients are required to submit a notification to the Department within five business days of submission to the Federal Audit Clearinghouse. Along with the notice, the Subrecipient must indicate if the auditor issued a management letter. If a management letter was issued by the auditor, a copy must be sent to the Department.

(g) The Department will review the Single Audit and issue a management decision letter for audit findings pertaining to the Federal award provided to the Subrecipient from the Department. If the Single Audit results in disallowed costs, those amounts must be repaid or an acceptable repayment plan must be entered into with the Department in accordance with 10 TAC §1.21, Action by Department if Outstanding Balances Exist.

(h) In evaluating a Single Audit, the Department will consider both audit findings and management responses in its review. The Department will notify Subrecipients and Affiliates (if applicable) of any Deficiencies or Findings from within the Single Audit for which the Department requires additional information or clarification and will provide a deadline by which that resolution must occur.

(i) All findings identified in the most recent Single Audit will be reported to the Executive Director during EARAC through the Previous Participation review process described in Subchapter C of

this Chapter. The Subrecipient may submit written comments for consideration within five business days of the Department's management decision letter.

(j) If the Subrecipient disagrees with the auditors finding(s), and the issue is related to administration of one of the Department's programs, an appeal process is available to provide an opportunity for the auditee to explain its disagreement to the Department. This is not an appeal of audit findings themselves. The Subrecipient may submit a letter of appeal and documentation to support the appeal. The Department will take the documentation and written appeal into consideration prior to issuing a management decision letter. If the Subrecipient does not disagree with the auditor's finding, no appeal to the Department is available.

(k) In accordance with 2 CFR Part 200 and the State of Texas Single Audit Circular §225, with the exception of nondiscretionary CSBG funds except as otherwise required by federal laws or regulations, the Department may suspend and cease payments under all active Contracts, or refrain from executing a new Contract for any Board awarded contracts, until the Single Audit is received. In addition, the Department may elect not to renew an entity in accordance with §1.411 of this Chapter (relating to Administration of Block Grants under Chapter 2105 of the Tex. Gov't Code), or not amend or enter into a new Contract with a Subrecipient until receipt of the required Single Audit Certification form or the submission requirements detailed in subsection (e) of this section.

(l) In accordance with Subchapter C of this Chapter (relating to Previous Participation Reviews), if a Subrecipient applies for funding or an award from the Department, findings noted in the Single Audit and the failure to timely submit a Single Audit Certification Form or Single Audit will be reported to the Executive Director ~~EARAC~~.

§1.404. Purchase and Procurement Standards

(a) The procurement of all goods and services shall be conducted, to the maximum extent practical, in a manner providing full and open competition consistent with the standards of 2 CFR Part 200, UGMS, and TxGMS, as applicable.

(b) Subrecipients shall establish, and require its subrecipients/Subcontractors (as applicable by program regulations) to establish, written procurement procedures that when followed, result in procurements that comply with federal, state and local standards, and grant award contracts. Procedures must:

(1) include a cost or price analysis that provides for a review of proposed procurements to avoid purchase of unnecessary or duplicative items. Where appropriate, analyzing lease versus purchase alternatives, performing the proposed service in-house, and performing any other appropriate analysis to determine the most economical approach.

(2) require that solicitations for goods and services provide for a clear and accurate description of the technical requirements for the material, product or service to be procured. In competitive procurements, such a description shall not contain features which unduly restrict competition, but must contain requirements that the bidder/offeror must fulfill and all other factors to be used in evaluating bids or proposals. A description, whenever practicable, of technical requirements in terms of functions to be performed or performance required, including the range of acceptable characteristics or minimum acceptable standards. The specific features of "brand name or equal value" that bidders are required to meet must be listed in the solicitation.

(3) include a method for conducting technical evaluations of the proposals received and for selecting awardees.

(c) Documentation of procurement processes, to include but not be limited to the items in paragraphs (1) to (9) of this subsection, must be maintained by the Subrecipient in accordance with the record retention requirements of the applicable program:

- (1) rationale for the type of procurement,
- (2) cost or price analysis,
- (3) procurement package,
- (4) advertising,
- (5) responses,
- (6) selection process,
- (7) contractor selection or rejection,
- (8) certification of conflict of interest requirements being satisfied, and
- (9) evidence that the awardee is not an excluded entity in the System for Award Management (SAM).

(d) In accordance with 34 Texas Administrative Code, Part 1, Chapter 20, Subchapter D, Division 1, each Subrecipient shall make a good faith effort to utilize the state's Historically Underutilized Business Program in contracts for construction, services (including consulting and Professional Services) and commodities purchases.

(e) The State of Texas conducts procurement for many materials, goods, and appliances. Use of the State of Texas Co-Op Purchasing Program does not satisfy the requirements of 2 CFR Part 200. For more detail about how to purchase from the state contract, please contact: State of Texas Co-Op Purchasing Program, Texas Comptroller of Public Accounts. If Subrecipients choose to use the Cooperative Purchasing Program, documentation of annual fee payment is required.

(f) All vehicles considered for purchase with state or federal funds must be pre-approved by the Department. Subrecipient must present written justification for the needed vehicle. If approved such approval will be provided via written correspondence from the Department. Procurement procedures must include provisions for full and open competition and a comparison of the costs associated with leasing versus buying a vehicle. Any vehicle purchased without approval may result in disallowed costs.

(g) For procurement transactions not subject to UGMS or TxGMS, the Department has adopted a \$10,000 micropurchase and \$250,000 simplified acquisition threshold. If the federal simplified acquisition threshold changes, as a result of 2 CFR §200.88, or if it is temporarily raised because of a federal disaster declaration, the Department will publish the new amount on its website. For procurement transactions subject to ~~UGMS or TxGMS 2.0~~, but not 2 CFR Part 200 Subrecipient must follow a ~~\$3,000~~10,000 micropurchase threshold and a ~~\$250,000~~500,000 Texas Acquisition Threshold ~~(which is currently tied to the federal simplified acquisition threshold)~~. For procurement transactions subject to UGMS or TXGMS prior to version 2.0, Subrecipient must follow a \$3,000 micropurchase threshold and a \$250,000 Texas Acquisition Threshold. Certain political subdivisions (such as cities and counties) are required under state law to follow a \$50,000 sealed bid threshold. ~~If the federal simplified acquisition threshold changes, as a result of 2 CFR §200.88, or if it is temporarily raised because of a federal disaster declaration, the Department will publish the new amount on its website.~~

§1.407. Inventory Report

(a) The Department requires the submission of an inventory report for all Contracts to be submitted to the Department, no later than 45 calendar days after the end of the Contract Term, or a more

frequent period as reflected in the Contract. Real Property and Equipment must be inventoried and reported on the Department's required form. The form and instructions are found on the Department's website.

(b) Real property and Equipment purchased with funds under a Contract with the Department must be inventoried and reported to the Department during the Contract Term.

(c) Aggregate Supplies of over \$10,000 (~~except in the case of Contracts subject to TXGMS or UGMS, in which case this limit is \$5,000~~), must be reported to the Department at the end of the Contract Term using federal form SF-428, which is a standard form to collect information related to tangible personal property or other form required by the federal fund source.

(d) For certain public facility activities funded by the Community Development Block Grant, inventory requirements will be those required by HUD for real property, as further identified in the Contract.



Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 893

Agenda Date: 1/16/2025

Agenda #: 8.

Presentation, discussion, and possible action on an order adopting the repeal and new 10 TAC Chapter 7, Subchapter D, Ending Homelessness Fund, and directing its publication in the *Texas Register*.

RECOMMENDED ACTION

WHEREAS, pursuant to Tex. Gov't Code §2306.053, the Texas Department of Housing and Community Affairs (Department) is authorized to adopt rules governing the administration of the Department and its programs;

WHEREAS, proposed repeal and replacement of 10 TAC Chapter 7, Subchapter D, Ending Homelessness Fund was published in the *Texas Register* for public comment from October 25, 2024 through November 29, 2024, and no public comment was received; and

WHEREAS, staff recommends the adoption of the repeal and new 10 TAC Chapter 7, Subchapter D, Ending Homelessness Fund;

NOW, therefore, it is hereby

RESOLVED, that the repeal and new 10 TAC Chapter 7, Subchapter D, Ending Homelessness Fund with the preambles presented at this meeting, are hereby adopted and approved for publication in the *Texas Register*; and

FURTHER RESOLVED, that the Executive Director and his designees be and each of them hereby are authorized, empowered, and directed, for and on behalf of the Department, to cause the actions to publish the adopted rules in the *Texas Register*, and in connection therewith, make such non-substantive technical corrections as they may deem necessary to effectuate the foregoing, including the preparation of the subchapter specific preambles.

BACKGROUND

Authorized by Tex. Transp. Code §502.415, the Ending Homelessness Fund (EH Fund) is a donation-based fund held in trust outside of the state treasury. Donations to the fund are solicited through a request when a person registers or renews their registration for a motor vehicle. The EH Fund was created by the 85th Texas Legislature, to be effective September 1, 2017. The EH Fund is a unique fund source to the Department, whose flexibility allows the Department to ensure contributions are used in the most effective and impactful way possible. In furtherance of this, staff recommended changes to the rules to provide greater flexibility in the administration of the EH Fund, while ensuring that the statutory requirements of Tex. Transp. Code §502.415 are met.

During the October 10, 2024, the Board approved the repeal and proposed new rule for publication for public comment. Public comment was accepted October 25, 2024, through November 29, 2024, and no public comment was received. Staff is recommending adoption of the rules with no further changes from the draft approved by the Board at that time.

Attachment A: Preamble, including required analysis, for adoption of the repeal of 10 TAC Chapter 7, Subchapter D, Ending Homelessness Fund

The Texas Department of Housing and Community Affairs (the Department) adopts, without changes, the repeal of 10 TAC Chapter 7, Subchapter D, Ending Homelessness Fund. The purpose of the repeal is to eliminate an outdated rule, while adopting a new updated rule under separate action.

The Department has analyzed this rulemaking and the analysis is described below for each category of analysis performed.

a. GOVERNMENT GROWTH IMPACT STATEMENT REQUIRED BY TEX. GOV'T CODE §2001.0221.

1. Mr. Bobby Wilkinson, Executive Director, has determined that, for the first five years the repeal would be in effect, the repeal does not create or eliminate a government program, but relates to the repeal, and simultaneous readoption making changes to an existing activity, administration of the Department's Ending Homelessness Fund.

2. The repeal does not require a change in work that would require the creation of new employee positions, nor is the repeal significant enough to reduce work load to a degree that any existing employee positions are eliminated.

3. The repeal does not require additional future legislative appropriations.

4. The repeal does not result in an increase in fees paid to the Department, nor a decrease in fees paid to the Department.

5. The repeal is not creating a new regulation, except that it is being replaced by a new rule simultaneously to provide for revisions.

6. The action will repeal an existing regulation but is associated with a simultaneous readoption making changes to an existing activity, the administration of the Department's Ending Homelessness Fund.

7. The repeal will not increase or decrease the number of individuals subject to the rule's applicability.

8. The repeal will not negatively or positively affect the state's economy.

b. ADVERSE ECONOMIC IMPACT ON SMALL OR MICRO-BUSINESSES OR RURAL COMMUNITIES AND REGULATORY FLEXIBILITY REQUIRED BY TEX. GOV'T CODE §2006.002.

The Department has evaluated this repeal and determined that the repeal will not create an economic effect on small or micro-businesses or rural communities.

c. TAKINGS IMPACT ASSESSMENT REQUIRED BY TEX. GOV'T CODE §2007.043. The repeal does not contemplate or authorize a taking by the Department; therefore, no Takings Impact Assessment is required.

d. LOCAL EMPLOYMENT IMPACT STATEMENTS REQUIRED BY TEX. GOV'T CODE §2001.024(a)(6).

The Department has evaluated the repeal as to its possible effects on local economies and has determined that for the first five years the repeal would be in effect there would be no economic effect on local employment; therefore, no local employment impact statement is required to be prepared for the rule.

e. PUBLIC BENEFIT/COST NOTE REQUIRED BY TEX. GOV'T CODE §2001.024(a)(5). Mr. Wilkinson has determined that, for each year of the first five years the repeal is in effect, the public benefit anticipated as a result of the repealed chapter would be an updated and more germane rule. There will not be economic costs to individuals required to comply with the repealed chapter.

f. FISCAL NOTE REQUIRED BY TEX. GOV'T CODE §2001.024(a)(4). Mr. Wilkinson also has determined that for each year of the first five years the repeal is in effect, enforcing or administering the repeal does not have any foreseeable implications related to costs or revenues of the state or local governments.

SUMMARY OF PUBLIC COMMENT. The Department accepted public comment between October 25, 2024, to November 29, 2024. No comment was received.

STATUTORY AUTHORITY. The repeal is made pursuant to Tex. Gov't Code §2306.053, which authorizes the Department to adopt rules. Except as described herein the repealed chapter affects no other code, article, or statute.

10 TAC Chapter 7, Subchapter D, Ending Homelessness Fund

§7.61 Purpose and Use of Funds

§7.62 EH Fund Subrecipient Application and Selection

§7.63 Availability of Funds

§7.64 Application Review Process

§7.65 Contract Term and Limitations

Attachment B: Preamble for adopting new 10 TAC Chapter 7, Subchapter D, Ending Homelessness Fund

The Texas Department of Housing and Community Affairs (the Department) adopts, without changes, the new Subchapter D, Ending Homelessness Fund. The purpose of the new section is to comply with the requirements of Tex. Transp. Code §502.415 while increasing flexibility for the use of the Ending Homelessness Fund.

Tex. Gov't Code §2001.0045(b) does not apply to the adoption of the rule because it was determined that no costs are associated with this action, and therefore no costs warrant being offset.

The Department has analyzed this rulemaking and the analysis is described below for each category of analysis performed.

a. GOVERNMENT GROWTH IMPACT STATEMENT REQUIRED BY TEX. GOV'T CODE §2001.0221.

Mr. Bobby Wilkinson, Executive Director, has determined that, for the first five years the adopted new rule would be in effect:

1. The new rule does not create or eliminate a government program, but relates to the re-adoption of this rule which makes changes to administration of the Department's Single Family Programs.
2. The new rule does not require a change in work that would require the creation of new employee positions, nor are the rule changes significant enough to reduce work load to a degree that eliminates any existing employee positions.
3. The new rule does not require additional future legislative appropriations.
4. The new rule will not result in an increase in fees paid to the Department nor a decrease in fees paid to the Department.
5. The new rule is not creating a new regulation, except that it is replacing a rule being repealed simultaneously to provide for revisions.
6. The new rule will not expand or repeal an existing regulation.
7. The new rule will not increase or decrease the number of individuals subject to the rule's applicability.
8. The new rule will not negatively or positively affect the state's economy.

b. ADVERSE ECONOMIC IMPACT ON SMALL OR MICRO-BUSINESSES OR RURAL COMMUNITIES AND REGULATORY FLEXIBILITY REQUIRED BY TEX. GOV'T CODE §2006.002. The Department, in drafting this new rule, has attempted to reduce any adverse economic effect on small or micro-business or rural communities while remaining consistent with the statutory requirements of Tex. Gov't Code §2306.111.

1. The Department has evaluated this new rule and determined that none of the adverse effect strategies outlined in Tex. Gov't Code §2006.002(b) are applicable.

2. The Department has determined that because the new rule serves to clarify and update existing requirements and does not establish new requirements for which there would be an associated cost, there will be no economic effect on small or micro-businesses or rural communities.

c. TAKINGS IMPACT ASSESSMENT REQUIRED BY TEX. GOV'T CODE §2007.043. The new rule does not contemplate or authorize a taking by the Department; therefore, no Takings Impact Assessment is required.

d. LOCAL EMPLOYMENT IMPACT STATEMENTS REQUIRED BY TEX. GOV'T CODE §2001.024(a)(6).

The Department has evaluated the new rule as to its possible effects on local economies and has determined that for the first five years the rule will be in effect the new rule has no economic effect on local employment because the rule serves to clarify and update existing requirements and does not establish new requirements or activities that may positively or negatively impact local economies.

Tex. Gov't Code §2001.022(a) states that this "impact statement must describe in detail the probable effect of the rule on employment in each geographic region affected by this rule..." Considering that participation in the Department's Single Family and Homeless Programs is at the discretion of the local government or other eligible subrecipients, there are no "probable" effects of the new rule on particular geographic regions.

e. PUBLIC BENEFIT/COST NOTE REQUIRED BY TEX. GOV'T CODE §2001.024(a)(5). Bobby Wilkinson, Executive Director, has determined that, for each year of the first five years the new rule is in effect, the public benefit anticipated as a result of the rule will be a more germane rule that better aligns administration to federal and state requirements. There will not be any economic cost to any individuals required to comply with the new section because the processes described by the rule have already been in place through the rule found at this section being repealed.

f. FISCAL NOTE REQUIRED BY TEX. GOV'T CODE §2001.024(a)(4). Mr. Wilkinson also has determined that for each year of the first five years the new rule is in effect, enforcing or

administering the rule does not have any foreseeable implications related to costs or revenues of the state or local governments because the rule updates and clarifies existing requirements and does not impose new requirements.

SUMMARY OF PUBLIC COMMENT. The Department accepted public comment between October 25, 2024, to November 29, 2024. No comment was received.

STATUTORY AUTHORITY. The new chapter is made pursuant to Tex. Gov't Code §2306.053, which authorizes the Department to adopt rules. Except as described herein the new rule affects no other code, article, or statute.

CHAPTER 7 HOMELESSNESS PROGRAMS

SUBCHAPTER D ENDING HOMELESSNESS FUND

§7.61 Purpose and Use of Funds

(a) As authorized by Tex. Transp. Code §502.415, the Ending Homelessness Fund (EH Fund) provides grant funding only to counties and municipalities for the purpose of combating homelessness.

(b) The Department shall publish an EH Fund Plan each biennium, as approved by the Department's Board. The EH Fund Plan shall include a description of EH Fund eligible activities, and an outline of activities and Subrecipients that will be given funding priority.

(c) Permitted EH Fund eligible activities include any activity determined to provide local programs to prevent and eliminate homelessness. Such activities may include any activity eligible under Subchapter B of this Chapter, Homeless Housing and Services Program (HHSP). The EH Fund Plan may further limit eligible activities.

(d) Capitalized terms used in this subchapter shall follow the meanings defined in Subchapter A of this chapter, unless the context clearly indicates otherwise. Additionally, any words and terms not defined in this section but defined or given specific meaning in 24 CFR Part 576, or used in that Part and defined elsewhere in state or federal law or regulation, when used in this chapter, shall have the meanings defined therein, unless the context herein clearly indicates otherwise.

(e) Funds awarded under the EH Fund are not subject to any Match requirements, but may be used as Match for other programs that do require Match.

§7.62 EH Fund Subrecipient Application and Selection

(a) The Department will produce an Application which, if properly completed by an eligible Applicant and approved by the Department, may satisfy the Department's requirements to receive an award of funds under the EH Fund. Applicants that have an existing ESG or HHSP Contract or who have been awarded ESG or HHSP funds may be eligible to submit an abbreviated EH Fund Application if such Application is made available by the Department.

(b) Funds will be available to Applicants as further described in the EH Fund Plan.

(c) Application for funds. Applicants for an award from the EH Fund must submit the following items:

(1) A complete Application including an Applicant certification of compliance with state rules, federal laws, rules, and guidance governing the EH Fund as provided in the Application;

(2) All information required under Subchapter B of this chapter (related to Homeless Housing and Services Program) to conduct a Previous Participation and Executive Award Review and Advisory Committee review;

(3) A proposed budget in the format required by the Department;

(4) Proposed performance targets in the format required by the Department; and

(5) Activity descriptions, as further described in the EH Fund Plan.

(e) The Department must receive all Applications within 30 calendar days of notification of eligibility to Applicants per §7.63(b)(1) of this subchapter, or as specified in the EH Plan, as applicable.

§7.63 Application Review Process

(a) Review of Applications. When an Application is received in response to solicitation by the Department, it will be assigned a "Received Date" and processed as noted below. An Application will be prioritized for review based on its "Received Date." All Applications received by the deadline described in §7.62(e) of this subchapter will be reviewed by the Department for completeness and administrative deficiencies to prepare for Board action and potential funding.

(b) The administrative deficiency process allows staff to request that an Applicant provide clarification, correction, or non-material missing information to resolve inconsistencies in the original Application or to assist staff in evaluating the Application. Staff will request such information via a deficiency notice. Staff will send the deficiency notice via email. Responses to the Department's deficiency notice must be submitted electronically to the Department. A review of the Applicant's response may reveal that additional administrative deficiencies are exposed or that issues initially identified as an administrative deficiency are actually determined to be beyond the scope of an administrative deficiency process, meaning that they are, in fact, matters of a material nature not susceptible to be resolved. For example, a response to an administrative deficiency that causes a new inconsistency which cannot be resolved without reversing the first deficiency response would be an example of an issue that is beyond the scope of an administrative deficiency. Department staff will make a good faith effort to provide an Applicant with confirmation that an administrative deficiency response has

been received and/or that such response is satisfactory. Communication from staff that the response was satisfactory does not establish any entitlement to points, eligibility status, or to any presumption of a final determination that the Applicant has fulfilled any other requirements.

(1) An Application with outstanding administrative deficiencies may be suspended from further review until all administrative deficiencies have been cured or addressed to the Department's satisfaction. The administrative deficiency process allows staff to request that an Applicant provide clarification, correction, or missing information to resolve inconsistencies in the original Application or to assist staff in evaluating the Application.

(2) Applications that have completed the review process may be presented to the Board for approval with priority over Applications that continue to have administrative deficiencies at the time Board materials are prepared, regardless of "Received Date."

(3) If all funds available under a solicitation from the Department are awarded, all remaining Applicants will be notified and the remaining Applications will not be processed.

(c) Responses to administrative deficiencies. The time period for responding to a deficiency notice commences on the first calendar day following the deficiency notice date. If an administrative deficiency is not resolved to the satisfaction of the Department by 5:00 p.m., Austin local time, on the seventh calendar day following the date of the deficiency notice, the Application shall be terminated. Applicants that have been terminated may reapply unless the Application period has closed.

(d) An Application must be substantially complete when received by the Department. An Application may be terminated if the Application is so unclear or incomplete that a thorough review cannot reasonably be performed, as determined by the Department. Such Application will be terminated without being processed as an administrative deficiency. Specific reasons for a Department termination will be included in the notification sent to the Applicant but, because the termination may occur prior to completion of the full review, will not necessarily include a comprehensive list of all deficiencies in the Application. Termination of an Application may be subject to §1.7 of this part, (relating to Appeals Process).

§7.64 Contract Term and Limitations

(a) The Department requires evidence in the form of a certification or resolution adopted by the governing body of the Applicant specifying who is authorized to enter into a Contract on behalf of the Applicant. This certification or resolution is due to the Department prior to Contract execution, and must include:

(1) Authorization to enter into a Contract for EH Funds;

(2) Title of the person authorized to represent the organization and who also has signature authority to execute a Contract; and

(3) Date that the certification or resolution was adopted by the governing body, which must be within 12 months of Application submission.

(b) EH Fund Contracts will generally have an initial period of 12 months for fund Expenditure. A request to extend the Contract Term must evidence that the extension is necessary to provide activities required under the Contract, and provide good cause for failure to timely expend the funds. Extensions of a Contract Term are considered on a case-by-case basis and are subject to §7.4(e) of this title (relating to Amendments and Extensions of Contracts).

(1) The Executive Director or his or her designee may approve an extension to the Contract Term that for up to six months from the original Contract Term.

(2) Board approval is required if the Subrecipient requests to extend the Contract Term for more than six months from the original Contract Term. Extensions for greater than 12 months may not be granted.



Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 894

Agenda Date: 1/16/2025

Agenda #: 9.

Media Analysis and Outreach Report, November 2024

Report follows this page.



TDHCA Outreach and Media Analysis, November 2024

A compilation of TDHCA media analysis designed to enhance the awareness of TDHCA programs and services among key stakeholder groups and the general public, and outreach activities, such as trainings and webinars. The following is an analysis of print, online and broadcast news, and social media reporting for the time period of November 1-30, 2024 (news articles that specifically mentioned TDHCA generally or along with Department programs).

Total number of articles referencing TDHCA: 21

Breakdown by Medium:¹

- Print: 4 (Editorials/Columnists = 0)
- Broadcast: 1
- Trade, Government or Internet-Based Publications: 16

Figure 1 News Tone

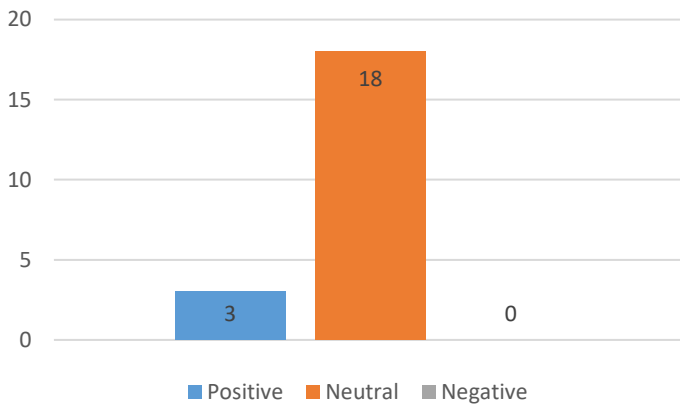
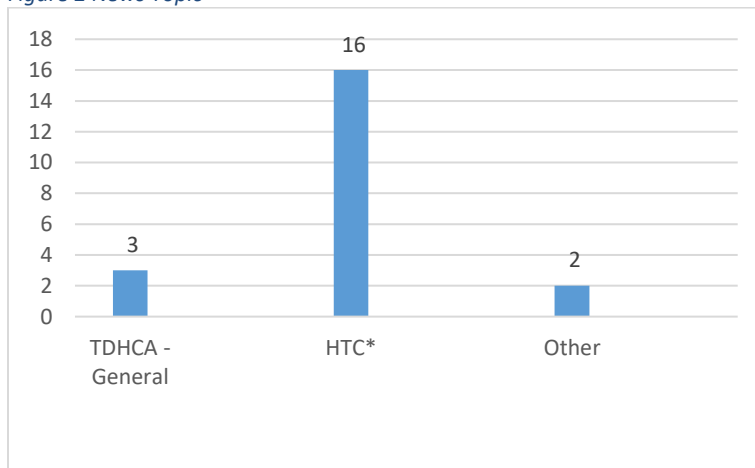
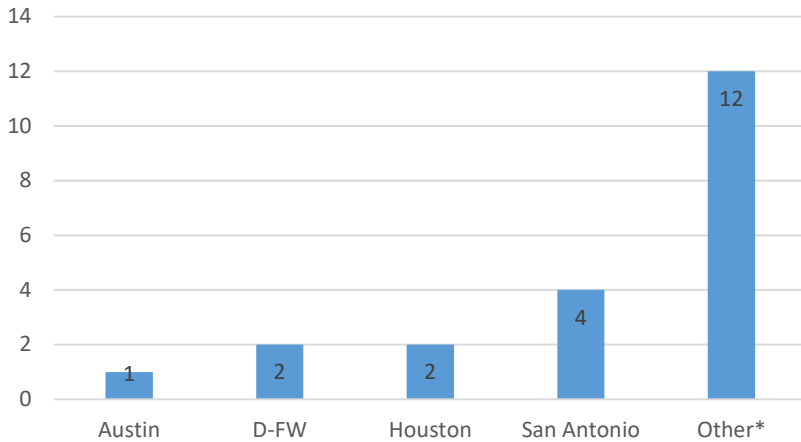


Figure 2 News Topic²



¹ Broadcast numbers may represent times in which TDHCA was referenced on a television or radio station's website, rather than in a broadcast segment. ² News Topics: Programs include Housing Tax Credit.

Figure 3 Media Market



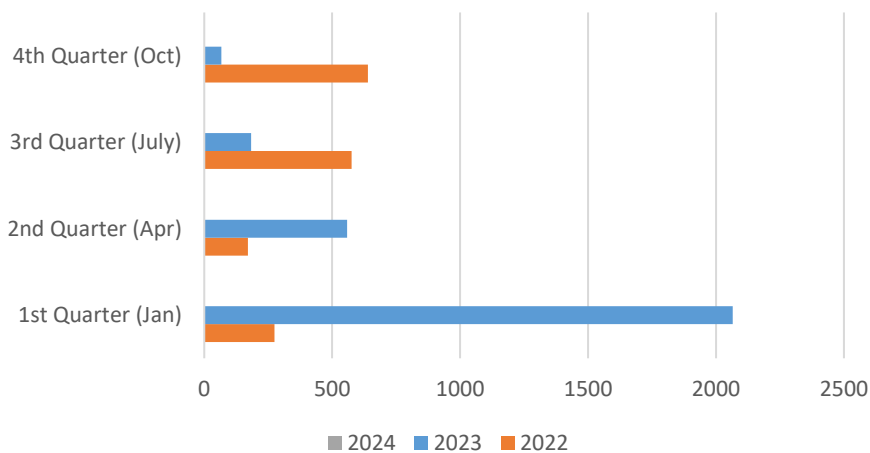
Summary:

Reporting on TDHCA activities by the news media totaled 21 references in November 2024. References related to development projects across Texas financed through TDHCA’s Housing Tax Credit Programs dominated the news cycle.

News mentions during the month were slightly lower than November 2023 (29 total).


The following table illustrates the number of news mentions during each month or quarter of 2024 compared to 2023 and 2022. For the first two months of the fourth quarter of 2024 (October-November), total news mentions are tracking close (65 total) compared to the number of mentions during the same timeframe of 2023 (67 total), but lower than 2022 (346 total). Please note, some pandemic-related programs for which TDHCA had oversight were still operating and accepting applications the previous two years.

TDHCA News Trends




Social media:

Through November 2024, TDHCA has nearly 3,700 followers to its X (formerly known as Twitter) account and 7,630 fans to its Facebook page. TDHCA’s YouTube channel had 4,065 views in October. The following is a summary analysis of TDHCA’s efforts to inform stakeholders and the public on federal and state resources, initiatives, and programs.

					
Month/Yr	Posts	Clicks	Engagements	Shared posts	Reactions
January 2024	13	19	27	3	20
February 2024	50	0	29	3	23
March 2024	51	7	14	3	11
April 2024	67	8	5	2	75
May 2024	48	14	Approx. 136	43	93
June 2024	66	0	Approx. 109	12	97
July 2024	112	0 (no longer supported)*	Approx. 347	137	191
August 2024	16	0 (no longer supported)*	Approx. 32	4	23
Sept. 2024	53	0 (no longer supported)*	Approx. 61	1	58
Oct. 2024	70	0 (no longer supported)*	Approx. 96	5	85
Nov. 2024	71	0 (no longer supported)*	Approx. 78	1	76

* Clicks = number of times an individual clicked on a link provided in a post; however, FB only tracks clicks for posts that reach a minimum engagement level of 30. Engagements = any action a person takes on our post including shares, comments and reactions.

					
Month/Yr	Tweets	Clicks	Engagements	Retweets	Liked posts
January 2024	15	8	14	5	7
February 2024	52	12	15	2	10
March 2024	52	3	14	1	9
April 2024	67	1	14	2	11
May 2024	49	16	18	5	12
June 2024	63	0	58	57	1
July 2024	114	3	48	9	32
August 2024	17	0	7	0	3
Sept. 2024	53	16	5	2	2
Oct. 2024	79	0	40	7	26
Nov. 2024	71	10	4	0	3

* Clicks = number of times an individual clicked on a link provided in a post. Engagements = any action a person takes on our post



















Month	Views	Watch time (hours)	Avg. view duration	Avg. % viewed	Unique viewers
January 2024	9,988	909.4	5:27	14.9%	8,076
February 2024	7,234	572.3	4:44	14.8%	5,849
March 2024	6,733	490.1	4:22	13.4%	5,598
April 2024	6,058	500.4	4:57	16.0%	5,047
May 2024	5,720	440.5	4:37	14.1%	4,700
June 2024	5,426	439.5	4:51	15.1%	4,415
July 2024	5,754	470.1	4:54	16.3%	4,798
August 2024	7,395	664.9	5:23	17.4%	6,095
Sept. 2024	5,639	473.9	5:02	15.7%	4,565
Oct. 2024	6,706	536.2	4:47	16.0%	5,552
Nov. 2024	4,065	364.8	5:23	15.4%	3,339

Understanding the YouTube Analytics

- **Views:** number of times your videos were viewed
- **Watch Time:** total number of hours your videos were watched by viewers
- **Average View Duration:** total watch time of your video divided by the total number of video plays, including replays. This metric measures your video’s ability to engage viewers. The higher the view duration, the more engaging the videos.
- **Average Pct Viewed:** the percent of each video the average viewer watched. It measures your video’s ability to hold viewers’ attention for its entirety. YouTube generally rewards videos that can hold people’s attention with higher search and recommendation rankings.
- **Unique viewers:** the estimated number of individuals who watch your videos over a certain period of time. It helps determine the size of our audience.

Top 25 videos for November 2024

Content	Duration	Publish date	Views ↓	Watch time (hours)	Average view duration	Average percentage viewed	Unique viewers
<input type="checkbox"/> Total			4,065	364.8	5:23	15.4%	3,339
<input type="checkbox"/> 3:24	Help for Texans (English)		2,302 56.6%	63.8 17.5%	1:39	48.9%	2,182 65.4%
<input type="checkbox"/> 0:52	Texas Homebuyer Program introduction		437 10.8%	5.5 1.5%	0:45	87.5%	422 12.6%
<input type="checkbox"/> 1:42:56	Reasonable Accommodations and Accessibility – Fair ...		141 3.5%	4.2 1.1%	1:46	1.7%	134 4.0%
<input type="checkbox"/> 5:43:58	Income Determination Training Webinar - Jan. 4, 2024		73 1.8%	85.5 23.4%	1:10:14	20.4%	38 1.1%
<input type="checkbox"/> 1:35:29	Housing Opportunity Through Modernization Act of 20...		55 1.4%	11.8 3.3%	12:55	13.5%	36 1.1%
<input type="checkbox"/> 1:47:05	Assets and the Changes from HOTMA		51 1.3%	15.8 4.3%	18:31	17.3%	40 1.2%
<input type="checkbox"/> 1:47:16	Fair Housing Overview – Fair Housing Month 2024		44 1.1%	14.3 3.9%	19:29	18.2%	31 0.9%

<input type="checkbox"/>	 2:46:29	Tax Exempt Bond Program (BOND) Training	42	1.0%	15.7	4.3%	22:22	13.4%	25	0.8%
<input type="checkbox"/>	 3:06	Fair Housing in Texas	40	1.0%	0.8	0.2%	1:09	37.4%	33	1.0%
<input type="checkbox"/>	 1:04:27	Frequently Asked Questions about Utility Allowances	40	1.0%	3.9	1.1%	5:48	9.0%	37	1.1%
<input type="checkbox"/>	 2:38:56	Updated HOTMA Training - Oct. 13, 2023	39	1.0%	16.6	4.6%	25:36	16.1%	23	0.7%
<input type="checkbox"/>	 4:09	Reasonable Accommodations in Texas	36	0.9%	1.5	0.4%	2:28	59.8%	23	0.7%
<input type="checkbox"/>	 6:18	Assistance Animals in Texas	36	0.9%	0.9	0.3%	1:34	25.1%	30	0.9%
<input type="checkbox"/>	 7:07	Accessing Texas Department of Aging and Disability S...	32	0.8%	1.4	0.4%	2:35	36.5%	30	0.9%
<input type="checkbox"/>	 1:07:13	2024 Emergency Solutions Grants (ESG) Application S...	30	0.7%	1.6	0.5%	3:17	4.9%	25	0.8%
<input type="checkbox"/>	 1:45:18	Fair Housing 101: The Basics of Fair Housing in Texas	27	0.7%	5.3	1.5%	11:44	11.2%	21	0.6%
<input type="checkbox"/>	 1:25:16	Acquisition and Rehab Funding Requirements, Office H...	26	0.6%	4.4	1.2%	10:03	11.8%	23	0.7%
<input type="checkbox"/>	 19:17	TEMAP Monthly Reporting Webinar for Part C Program...	25	0.6%	0.2	0.1%	0:33	2.9%	20	0.6%
<input type="checkbox"/>	 26:14	HOME-ARP Overview Webinar	22	0.5%	2.4	0.7%	6:32	24.9%	12	0.4%
<input type="checkbox"/>	 1:32:18	Let's Talk About Forms	21	0.5%	3.8	1.0%	10:52	11.8%	14	0.4%
<input type="checkbox"/>	 1:34:35	Assistance Animals in Housing – Fair Housing Month ...	21	0.5%	0.9	0.3%	2:38	2.8%	19	0.6%
<input type="checkbox"/>	 1:11:53	Fair Housing Special Topics: How to Create an Affirmat...	20	0.5%	2.3	0.6%	6:47	9.5%	14	0.4%
<input type="checkbox"/>	 5:52:05	Multifamily Income Determination Training	19	0.5%	8.3	2.3%	26:11	7.4%	14	0.4%
<input type="checkbox"/>	 1:13:44	Average Income webinar/Office Hours	17	0.4%	6.2	1.7%	21:48	29.6%	14	0.4%
<input type="checkbox"/>	 5:18:57	TDHCA Training: Section 811 Project Rental Assistanc...	17	0.4%	6.5	1.8%	23:06	7.2%	14	0.4%

TDHCA Outreach November 2024

A compilation of outreach activities such as meetings, trainings and webinars.

Department	Meeting Date	Meeting Title	Attendees (includes organizer)
Community Affairs/CSBG	Nov. 4	Virtual Training Session/Reentry Sub	15
Community Affairs/CSBG	Nov. 4	Onsite Training Session/TCCAA	10
Community Affairs/WAP	Nov. 5	Virtual Training Session/Multiple Subs	10
Community Affairs/CSBG	Nov. 5	Onsite Training Session/TCCAA	10
Community Affairs/WAP	Nov. 5	Virtual Training Session/Multiple Subs	13

Community Affairs/WAP	Nov. 6	Virtual Training Session/Multiple Subs	15
Housing Resource Center	Nov. 12	Fair Housing Webinar/Fair Housing Overview	330
Compliance	Nov. 12	MFDL training with the Texas Apartment Association	55
Housing Resource Center	Nov. 14	Fair Housing Webinar/Reasonable Accommodations	212
Community Affairs/CSBG	Nov. 19	Onsite Training Session/GCCSA	10
Housing Resource Center	Nov. 19	Fair Housing Webinar/Assistance Animals	176
Community Affairs/CSBG	Nov. 20	Onsite Training Session/GCCSA	10
Compliance	Nov. 22	Office Hours and Acquisition/Rehab and Re-Syndication training	108



Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 897

Agenda Date: 1/16/2025

Agenda #: 10.

Executive Director's Report

ORAL PRESENTATION



Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 898

Agenda Date: 1/16/2025

Agenda #: 11.

Presentation, discussion, and possible approval to authorize the issuance of the 2025 HOME American Rescue Plan Nonprofit Capacity Building and Operating Notice of Funding Availability and publication in the *Texas Register*

RECOMMENDED ACTION

WHEREAS, the Texas Department of Housing and Community Affairs (“TDHCA” or “the Department”) Second Amendment to the HOME-ARP Allocation Plan programmed additional HOME-ARP funding into nonprofit capacity building and operating (NCO) costs to support organizations in successfully carrying out HOME-ARP non-congregate shelter (NCS) development, and programmed additional funds into NCS development;

WHEREAS, in the fall of 2024, the Department submitted the HOME-ARP Allocation Plan Second Amendment to the U.S. Department of Housing and Urban Development (HUD) for approval, which stated that the NCO and NCS funds would be targeted in Texas areas with high costs of living, and that NCS funds would only be available to organizations that received NCO;

WHEREAS, the Department received confirmation from HUD that the second amendment was acceptable; and

WHEREAS, due to the reallocation and movement of underused funds from another activity, the total amount available for NCO is \$750,000 and the total for NCS development is \$64,005,338, as allowed in the HOME-ARP Allocation Plan, as amended;

NOW, therefore, it is hereby

RESOLVED, that the Executive Director and his designees be and each of them hereby are authorized, empowered, and directed, for and on behalf of the Department, to release a 2025 HOME-ARP Nonprofit Capacity Building and Operating (NCO) Notice of Funding Availability (NOFA) in the amount of approximately \$750,000, and to make any technical corrections or perform such other acts as may be necessary to effectuate the foregoing.

BACKGROUND

TDHCA was allocated \$132,969,147 of funds from HUD under Section 3205 of the American Rescue Plan Act, which HUD has called the HOME-ARP Program. The HOME-ARP Division programmed funds into Non-Congregate Shelter (NCS) Development, Rental Housing Development, Nonprofit Capacity Building and Operating Funds, and Administration/Planning. HUD notified TDHCA in October 2023 that the HOME-ARP allocation was reduced due to their allocation error, and in August 2024, HUD reallocated HOME-ARP funds to

TDHCA that came from Bryan, Odessa, and Pasadena for a net change of \$508,905. Funds from the reallocation and funds that were not fully utilized from prior releases of funds were added to NCO, NCS, and administration in the second amendment to the HOME-ARP Allocation Plan.

The TDHCA HOME-ARP Allocation Plan as amended states that non-congregate shelter (NCS) development funds will only be awarded to recipients of the nonprofit capacity building and operating funds (NCO). The NCO funds were targeted in areas that met criteria demonstrating need through high cost of housing and increase in housing costs.

With Board approval, staff requests to release the attached NCO Notice of Funding Availability for \$750,000. Per the HOME-ARP Allocation Plan as amended, a successful NCO awardee must then submit an Application for NCS funds within nine months of the NCO award.

Per HUD, organizations that serve or are located in Bryan, Pasadena, or Odessa, will receive a preference, which is provided for through additional points in this competitive application. The total amount reallocated was \$4,317,058 (of which the majority are directed to NCS, not NCO). If organizations request the additional points for the geographic preference in their NCO application, the total amount of the NCO award may be reduced to a maximum of \$314,917 and the total anticipated NCS request associated with that geographic preference may be reduced to \$4,002,141, depending on the other Applications and scores submitted. Note that Odessa, Bryan, and Pasadena, have a scoring preference and not a set-aside in this NCO NOFA. There could be award(s) in these areas if the scored Applications are high enough. Likewise, there could be no award in these areas if the scored Applications (with the extra points for serving/location in these areas) do not score high enough for an award.

Organizations in Texas Metropolitan Statistical Areas (MSAs) that already have an awardee of HOME-ARP NCO will be ineligible to apply for NCO funds under this NOFA. If more than one organization can be awarded NCO through the competitive process, the NOFA requires that the organizations be in different MSAs.

Points in the NCO NOFA include experience of the applicant in rehabilitating or converting buildings for emergency shelters, experience managing an emergency shelter, composition of the governing board with local government officials to show community support, evidence of community engagement, history of successful fundraising, collaboration with service partners, monitoring history, site control for the future NCS, and the preference for Bryan, Odessa, and Pasadena.

Attachment A is the NCO NOFA including the Electronic Filing Agreement and Intent to Apply. Once approved, HOME-ARP staff will publish the NCO NOFA on the TDHCA website and notice of the NOFA in the Texas Register. Applicants are required to submit an Intent to Apply at least five days prior to the Application due date to receive a blank Application. The Intent to Apply will ensure that Applicants are in areas that qualify for NCS funds. Organizations are encouraged to submit an Intent to Apply as soon as possible once the NCO NOFA is released.

The NCO Invitation to Apply will begin accepting applications from Monday, March 3, 2025, to Tuesday, March 31, 2025, for the first application period, and July 14, 2025, to December 15, 2025, for the second application period (if needed), unless otherwise extended, suspended, or closed by the Executive Director or his designee. Applications submitted during the first Application period may apply for up to the full allocation of NCO request. Applications submitted during the second Application period, if available, may apply for remaining

NCO funds after the first Application period awards have been made.



**TEXAS DEPARTMENT OF HOUSING AND
COMMUNITY AFFAIRS
2025 HOME-ARP NONPROFIT CAPACITY
BUILDING AND OPERATING COST ASSISTANCE
(NCO) FOR NON-CONGREGATE SHELTER (NCS)
NOTICE OF FUNDING AVAILABILITY (NOFA)**

(1) Summary. The Texas Department of Housing and Community Affairs (the Department) announces the availability of \$750,000 in total nonprofit capacity building assistance and operating expenses (NCO). Funds are available in accordance with the Department’s HOME-ARP Allocation Plan, to assist one or more organizations in successfully performing the initial operating and capacity building steps required to then subsequently apply for and carry out the successful construction, reconstruction, or rehabilitation of a HOME-ARP Non-Congregate Shelter (NCS) project. NCO funds are meant to assist with the conception and preparation to create a NCS and support the nonprofit’s general operating costs. This Invitation to Apply details the requirements for submission of an application for an NCO award and the eligible uses of such funds. **This NCO Notice of Funding Availability (NOFA) will begin accepting applications from Monday, March 3, 2025 to March 31, 2025 for the first application period, and July 14, 2025 to December 15, 2025 for the second application period, unless otherwise extended or closed by the Executive Director or his designee.**

These funds will only be awarded to private nonprofit organizations that are reasonably expected to be successful recipients of an award of the Department’s HOME-ARP NCS construction funds for a shelter within 9 months of the NCO award per the HOME-ARP Allocation Plan, as amended. Anticipated amount for NCS is \$14,005,338, though the amount may increase based on other applications pending.

This Invitation does not include all text of the various applicable regulatory provisions pertinent to the fund sources. Program guidelines, including HUD CPD Notice 21-10 and Appendix, and Federal Rules and Regulations, are available on the Department’s website at <https://www.tdhca.texas.gov/programs/home-american-rescue-plan>. For proper completion of the Application, the Department fully expects that potential Applicants have reviewed and are aware of the State and Federal regulations. The availability and use of these funds are subject to the following rules and plans:

- a) Texas Administrative Code

10 TAC Chapter 1 (Administration)

10 TAC Chapter 2 (Enforcement)

[https://texreg.sos.state.tx.us/public/readtac\\$ext.ViewTAC?tac_view=3&ti=10&pt=1](https://texreg.sos.state.tx.us/public/readtac$ext.ViewTAC?tac_view=3&ti=10&pt=1)

b) Texas Government Code

Tex. Gov't. Code Chapter 2306

<http://www.statutes.legis.state.tx.us/Docs/GV/htm/GV.2306.htm>

c) U.S. Department of Housing and Urban Development (HUD) Program

24 CFR Part 92 (HOME Investment Partnerships Program Final Rule)

HUD CPD Notice 21-10 and Appendix: Waivers and Alternative Requirements for Implementation of the HOME-ARP Program

<https://www.hudexchange.info/resource/6479/notice-cpd-2110-requirements-for-the-use-of-funds-in-the-home-arp-program/>

d) Other federal requirements

2 CFR Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards <https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200?toc=1>

All activities must have some type of environmental review in accordance under 24 CFR Part 58. <https://www.tdhca.texas.gov/environmental-compliance>

e) HOME-ARP Allocation Plan, as amended

HOME-ARP Allocation Plan, as amended.

<https://www.tdhca.texas.gov/programs/home-american-rescue-plan>

(2) NCO Definition

- a) Nonprofit capacity building assistance and operating expenses (NCO) are funds that are eligible to be used for:
- i. reasonable and necessary general operating costs that will result in expansion or improvement of an organization's ability to successfully expand the ability of the organization to develop a medium to large-scale non-congregate shelter (NCS), and
 - ii. reasonable and necessary general operating costs of the nonprofit organization that are not directly assignable to an activity or project.
- b) Eligible and Ineligible costs for these activities are found in Sections 10 through 12 of this Invitation.

(3) NCS Definition and Eligible Population.

- a) Because the NCO funds awarded under this Invitation must result in a subsequent application for the construction or rehabilitation of a HOME-ARP Non-Congregate Shelter (NCS) project, it is imperative that applicants understand the requirements associated with the NCS project.
- b) The nonprofit organization awarded NCO assistance must use the funds to prepare to develop and own an NCS project for Application to the Department. Per HUD CPD Notice

21-10, NCS is defined as “one or more buildings that provide private units or rooms as temporary shelter to individuals and families and does not require occupants to sign a lease or occupancy agreement” (page 55).

- c) The future NCS must be occupied by qualified populations (QP) for HOME-ARP, defined in HUD CPD Notice 21-10 and explained further in the Department’s HOME-ARP Handbook. These QPs include:
 - iii. Persons experiencing homelessness per 24 CFR §91.5
 - iv. Persons who were formerly homeless but housed with temporary resources, per HUD CPD Notice 21-10
 - v. Persons at-risk of homelessness, per 24 CFR §91.5
 - vi. Persons at greatest risk of housing instability, per HUD CPD Notice 21-10:
 - A. Households that would meet the criteria of at-risk of homelessness, but have an income of at or below 50% AMI (instead of >30% AMI).
 - B. Households that have income less than or equal to 30% of the area median income, as determined by HUD and are experiencing severe cost burden (i.e., is paying more than 50% of monthly household income toward housing costs).
 - vii. Individuals fleeing or attempting to flee, domestic violence, dating violence, sexual assault, stalking, or human trafficking, as defined by HUD 24 CFR §5.2003.
 - viii. Veterans and families that include a veteran member that meet one of the above criteria are also a QP.

(4) Set-Asides and Regional Allocation.

- a) The HOME-ARP funds were programmed for NCO in urban areas and not subject to the Regional Allocation Formula, per state waiver of Tex. Gov’t Code §2306.111.
- b) Per the HOME-ARP allocation plan as amended, funds will be distributed to areas that show need of a NCS according to the following characteristics:
 - i. Fair market rent by county for 1-bedroom units that increased 30% or more between 2021 and 2025; and
 - ii. HUD-published one-bedroom fair market rents by county for FY2025 of \$1000 or more, which is the top 10% of rents in the state.
- c) Additionally, a preference will be given for organizations that are located in or serve Bryan, Odessa, and/or Pasadena.

(5) Eligible Organizations

- a) Eligible organizations for this NCO grant include private Nonprofit 501(c)(3) or 501(c)(4) organizations that meet the administrative and certification requirements of this Invitation.
- b) Organizations in Texas Metropolitan Statistical Areas (MSAs) that already have an awardee of HOME-ARP NCO will be ineligible for NCO funds under this NOFA.
- c) Organizations must be located in or have programs that serve areas that demonstrate need for NCS by having:
 - i. Fair market rent by county for 1-bedroom units that increased 30% or more between 2021 and 2025; and
 - ii. HUD-published one-bedroom fair market rents by county for FY2025 of \$1000 or

more, which is the top 10% of rents in the state.

- d) An applicant is not eligible to receive funds or any other assistance from the Department unless a past Single Audit or Audit Certification Form has been submitted to the Department in a satisfactory format in accordance with 10 TAC §1.403.
- e) The Applicant must:
 - i. Be subject to a Previous Participation Review by the Department per 10 TAC §1.302, and recommended for an award or an award with Conditions by the Previous Participation Review Advisory Committee;
 - ii. Register in the System for Award Management (SAM). The SAM is the primary registrant database for the U.S. Federal Government. The SAM collects, validates, stores, and disseminates data in support of agency acquisition missions, including Federal agency contracts and assistance awards. Please note that the term "assistance awards" includes grants, cooperative agreements and other forms of Federal assistance. Whether applying for assistance awards, contracts, or other business opportunities, all entities are considered "registrants". Both current and potential Federal government registrants are required to have active registration with the SAM in order to be awarded Contracts by the Federal government. Organizations may register in the SAM at <https://sam.gov/SAM>.
 - iii. Have a current annual operating budget of at least \$500,000 and Single Audit or Audit Certification Form submitted to the Department in a satisfactory format in accordance with 10 TAC §1.403;
 - iv. Agree to follow 2 CFR Part 200 regarding Uniform Administrative Requirements, Cost Principles, and Audit Requirements (including procurement) as a Subrecipient;
 - v. Agree to become knowledgeable of HOME-ARP program guidelines, HUD CPD Notice 21-10 and Appendix, and Federal and State Rules and Regulations;
 - vi. Agree to receive both nonprofit capacity building and nonprofit operating funds, with the minimum amount being \$50,000 for each fund;
 - vii. Have prior experience in innovative shelter programs and related service provision through coordinated efforts with other agencies, institutions, and other community service organizations;
 - viii. Be the fee simple owner, the sole general partner (with no special limited partner), or the sole managing member to develop or rehabilitate an NCS of appropriate size for the community. The nonprofit organization awarded NCO must also be prepared to play a primary, active role in the Application, development, and ongoing operation of the future NCS.
 - ix. The nonprofit capacity building and operating assistance must specifically expand the ability of the organization to develop a NCS -- the nonprofit must commit to provide a clear plan and strategy within six months of Board award for how the organization will prepare for and complete an NCS including, but not limited to: number of beds, potential services and partners, staffing plan for shelter; estimated financial requirements and funding needs/gaps of a future NCS;
 - x. Be able to expend 40% of NCO funds by month 18 of the Contract (subject to negotiation upon award), and 100% by month 36, Contract end date; and
 - xi. Submit materials to meet the requirements of the NCS reservation within 9 months of the NCO Board award, as described under NCS activity within this Allocation Plan.

(6) Capacity Building Assistance Program Funds Uses

- b) Capacity building expenses are defined as reasonable and necessary general operating costs that will result in expansion or improvement of an organization’s ability to successfully carry out eligible HOME-ARP activities. For purposes of this Invitation, the capacity increased through the award must specifically expand the ability of the organization to develop a medium to large-scale non-congregate shelter (NCS).
- c) The awarded applicant may not subgrant funds, but may subcontract after a procurement process (as applicable) for the provision of services.
- d) The eligible capacity building activities are payroll, training, equipment, and technical assistance/consultants, as listed in HUD CPD Notice 21-10.
 - i. Payroll. Salaries for new hires including wages and other employee compensation and benefits.
 - ii. Training. Employee training or other staff development that enhances an employee’s skill set and expertise.
 - iii. Equipment. Computer software or programs that improve organizational processes, upgrades to materials, and supplies.
 - iv. Technical Assistance/Consultants. Contracts for technical assistance or for consultants with expertise related to the HOME-ARP qualifying populations.
- e) Capacity building costs must be used to prepare for possible NCS funding. For example, an organization could hire a consultant or train new staff on how to own and operate an NCS, how to structure general NCS development, train on what to look for in sites, or buy equipment (with Department written permission on equipment purchases over \$5,000 or leased equipment/office space) that is not used only for NCS development or a particular site.

(7) Operating Expense Assistance Program Funds Uses

- a) Operating expenses are defined as reasonable and necessary costs of operating the nonprofit organization. HOME-ARP funds used for operating expenses must be used for the “general operating costs” of the nonprofit organization. These operating costs must not have a particular final cost objective, such as a project or activity, and must not be directly assignable to a HOME-ARP activity or project. The eligible operating expense assistance activities are payroll, training, equipment, and overhead/operating, as listed in HUD CPD Notice 21-10.
 - i. Payroll. Employee salaries, wages and other employee compensation and benefits.
 - ii. Training. Employee education, training and travel.
 - iii. Equipment. Equipment, materials, and supplies.
 - iv. Operating/overhead. Rent, utilities, communication costs, taxes, and insurance. (Department approval needed for leases of office space.)
- b) Operating expenses must be used for general operating expenses. For example, an organization could pay its existing employee salaries, wages, compensation and benefits, provide general employee education, training and travel, purchase equipment, materials and supplies for existing staff and cover the rent and utilities for the nonprofits general office space, to include communication costs and some types of taxes and insurance.

(8) Ineligible Costs

- a) **Development Soft Costs.** NCO cannot pay for application preparation or eligible project costs as listed under 24 CFR §92.206(d), Soft Costs, and as modified by HUD CPD Notice 21-10. Per HUD Notice 21-10, “HOME-ARP project delivery costs may be paid, if eligible, by HOME-ARP funds provided under a written agreement for the activity or project and must not be paid with nonprofit operating expense or capacity building assistance.” Application preparation costs and soft costs are not eligible under the NCO Contract, but may be able to be reimbursed through a potential award for NCS if the costs are HOME-ARP eligible.
- b) **Shelter Operating Costs.** HUD prohibits HOME-ARP funds from being used for shelter operating funds. While nonprofit operating expenses are eligible, operation expenses of emergency shelters are prohibited. Costs related to operating an emergency shelter (e.g., services, allocable overhead and staffing costs, insurance, utilities, etc.) are ineligible.
- c) **Specific Project or Activity Costs.** Actual costs of implementing a specific activity or project, including staff costs are considered HOME-ARP project delivery costs or project soft costs and are not eligible operating expense and capacity building costs. If the operating cost can be charged to a HOME-ARP activity, it must be charged to the HOME-ARP activity (e.g., operating costs to develop HOME-ARP NCS are paid for by a developer fee which is a project delivery or soft cost). This includes a purchase of land or buildings.

(9) Contract Term and Benchmarks

- a) Any program activity funded under the HOME-ARP Program will be governed by a written Contract that identifies the terms and conditions related to the awarded funds. The Contract will be effective based on an agreed upon commencement date by all parties, but not prior to approval by the TDHCA governing board and after environmental clearance.
- b) The Contract Term for funds awarded under this Invitation is anticipated to be not more than 36 months. The start date may vary, subject to the availability of adequate funding, and any additional terms and conditions from HUD.
- c) Contract benchmarks will include, but may be subject to negotiation upon award:
 - i. Expenditure rate of 40% of NCO funds by month 18 of the Contract.
 - ii. Full expenditure of all funds by month 36 of the Contract.
 - iii. Submission of materials to meet the requirements of the NCS application to the Department within nine months of the NCO award, per the HOME-ARP Allocation Plan, as amended.
- d) If Contract benchmarks are not met, the Contract Term or Contract amount may be reduced and the Contract amended accordingly.
- e) Any funds remaining at the end of a Contract's close-out period will be automatically deobligated. Deobligation of funds may impact future funding recommendations, such as in an Application for an NCS project.

(10) Terms and Limitations on Assistance

- a) **Maximum award per year.** In any fiscal year, capacity building assistance provided to a nonprofit organization may not exceed of 50% of the organization’s total operating expenses for that fiscal year. For example, if a nonprofit organization’s current total

operating expenses are \$500,000, it would be eligible to apply for up to \$250,000 in NCO per year (or \$500,000 for two years), and if a nonprofit organization's total operating expenses are \$2,000,000, it would be eligible to apply for up to \$1,000,000 in NCO per year (or \$2,000,000 for two years).

- b) **Maximum Request Amount.** The maximum award for this Invitation is \$750,000. If an Applicant anticipates requesting points for being located/serving in Pasadena, Odessa or Bryan, they may request up to the maximum award of \$750,000, however their award may be reduced to \$314,917, which is the proportional amount of funds prioritized for those geographic areas.
- c) **Minimum Request Amount.** The minimum award for this Invitation is \$100,000. Within this minimum request of \$100,000 is a minimum amount requested in capacity building of \$50,000 and minimum amount requested in nonprofit operating cost assistance of \$50,000.
- d) **Maximum NCS anticipated.** HOME-ARP is anticipated to provide up to \$14,005,338 for construction/rehabilitation of a NCS activity. For an Applicant that anticipates requesting points for being located/serving in Pasadena, Odessa or Bryan, they may request up to the maximum award, however their award may be reduced to \$4,002,141 for NCS, which is the proportional amount of funds prioritized for these areas.
- e) **Minimum NCS anticipated.** Applicants must request at least \$2,000,000 for the anticipated NCS construction/rehabilitation.
- f) **Contract Term.** The Contract Term will be up to 36 months.
- g) **Both Nonprofit Capacity Building and Operating Cost Assistance Required.** An applicant is required to apply for capacity building funds to also receive operating assistance funds. Operating cost assistance alone will not be awarded.
- h) **Minimum unit proposal.** An Applicant must be prepared to subsequently submit an application in response to the NCS Invitation for a minimum of 25 units.
- i) **Fidelity Bond Requirements** All HOME-ARP NCO Nonprofit Subrecipients and any nonprofit subgrantee shall maintain adequate fidelity bond coverage as set forth in [10 TAC §1.406](#). The fidelity bond must be for a minimum of \$10,000 or an amount equal to the contract if less than \$10,000. The bond must be obtained from a company holding a certificate of authority to issue such bonds in the State of Texas. Subrecipients may use Administrative funds to pay for this coverage or a proportional amount of coverage if the coverage is for more than the HOME-ARP NCO program funds.

(11) Application Due Dates and Submission Requirements.

- a) **Intent to Apply.** Applicants must submit an Intent to Apply, found in this NOFA, to receive Application Submission Materials. Instructions for submitting the Intent to Apply can be found in this NOFA as Attachment A. Organizations are encouraged to submit an Intent to Apply as soon as possible once the NCO NOFA is approved by the TDHCA Governing Board. The Intent to Apply should be submitted at least five (5) business days before the Application due date so that an Application can be sent to the Applicant. An Intent to Apply that is submitted less than five (5) business days before the Application due date may not receive an Application to complete and submit for consideration of funding.

- b) **Application Due Dates.** The first Application period March 3, 2025, 2025 to March 31, 2025, by 5:00pm Austin Local Time. Applications are due under the first Application period by March 31, 2025. The second Application period is July 14, 2025, to December 15, 2025. Applications are due under the second Application period by December 15, 2025, by 5:00pm Austin Local Time, unless extended by the Executive Director or his designee. Applications submitted during the first Application period may receive up to the full allocation of NCO request. Applications submitted during the second Application period may receive remaining NCO funds after the first Application period awards have been made.
- c) **Application Submission Materials.** Application materials will be provided to eligible organizations that submit an Intent to Apply in areas that qualify for funding. The Intent to Apply should be sent to Peg McCoy, HOME-ARP Manager, at peg.mccoy@tdhca.state.tx.us. Applications must adhere to Federal Rules and Regulations in effect at the time of the Application submission, the requirements as stated in this Invitation, and any subsequent guidance provided by HUD.
- d) **Application Materials.** The Intent to Apply and Application must be on forms or in the format provided by the Department, cannot be altered or modified, and must be in final form before submitting them to the Department. **Application Transmittal Required Steps.** An Application must be uploaded to the Department's secure web transfer server. An Applicant requesting funding from the Department must submit an Application in order to be considered for an award. An Application must be complete (including all required supporting materials) and submitted by the deadline of this Invitation. Applicants are strongly encouraged to submit the required items on or before established deadlines. All Applications and all related materials are to be delivered electronically. Applicants are strongly encouraged to submit the required items well in advance of established deadlines. Applicants must ensure that all documents are legible, properly organized and tabbed, and that materials are fully readable by the Department. The Applicant must timely upload a PDF copy of the complete Application to the Department's secure web transfer server. The Application must be in a single file and individually bookmarked. Additional files required for Application submission outside the Application must also be uploaded to the secure web transfer server. It is the responsibility of the Applicant to confirm the upload to the Department's secure web transfer server was successful and to do so in advance of the deadline. Where there are instances of computer problems, mystery glitches, etc. that prevent the Application from being received by the Department prior to the deadline, the Application may be terminated. The applicant must send a separate email notification letting HOME-ARP staff know the documents were uploaded must also be sent to Peg McCoy at Peg.McCoy@tdhca.texas.gov.

(12)Application Review Process

- a) Each Application received from an Applicant will be assigned a Received Date and Time based on the date it is first received by the Division. Applications received after the Application Deadline for the first or second Application periods will not be accepted, reviewed, or considered for award.

- b) Applications will be ranked by self score, and TDHCA review of Applications will begin with Applications with the highest self-scores. Applicants whose self-score is lower than that of other Applicants may not be reviewed.
- c) Applications received are reviewed for eligibility requirements regarding documentation and compliance with performance on previously awarded Contracts. If Applicants exceed the maximum number of pages allowed under certain specified items, TDHCA staff may not review more than the maximum pages allowed. Applicants are encouraged to highlight or include key parts of documents as needed.
- d) The Department will ensure review of materials required under the Invitation and the Application and will issue a notice of any administrative deficiencies in accordance as described in the Invitation.
- e) Applicants expected to be awarded will be processed through the Department's Previous Participation review, which will include a previous award and past performance evaluation. Poor past performance may disqualify an applicant for a funding recommendation, or the recommendation may include conditions.
- f) Administrative deficiencies noted during the review of an Application shall be subject to the administrative deficiency process outlined below:
 - i. The Department will accept Applications from applicants on an ongoing basis during the Application acceptance periods as specified in this NOFA.
 - ii. The administrative deficiency process allows the applicant to provide additional information with regard to an Application after the Application acceptance period has ended, but only if it is requested in writing by Department staff. Staff may request that an applicant provide clarification, correction, or missing information to resolve inconsistencies in the original Application or to assist staff in evaluating the Application. Staff will request such information via one or more deficiency notices. Staff will send the deficiency notice via email and responses must be in kind unless otherwise defined in the notice.
 - iii. Department staff will make a good faith effort to provide an applicant confirmation that an administrative deficiency response has been received and/or that such response is satisfactory. Communication from staff that the response was satisfactory does not establish any entitlement to points, eligibility status, or to any presumption of a final determination that the applicant has fulfilled any other requirements as such is the sole determination of the Department's Board.
 - iv. An applicant may not change or supplement any part of an Application in any manner after submission to the Department, except in response to a direct written request from the Department to remedy an administrative deficiency or by amendment of an Application after the Board approval of a HOME-ARP award.
 - v. The period for responding to a deficiency notice commences on the first day following the deficiency notice date. A deficiency can be sent on both scored and threshold items. A response to the deficiency is due by 5:00 p.m. on the fifth business day following the date of the deficiency notice. If no response is received or the items are still deficient after a response, the Application will be reduced one point per day that the items are deficient. If the Applicant's score is reduced so that it is no longer a competitive Application,

the Application review process may be paused in order for TDHCA staff to review other Applications for award.

(13) Application Criteria.

- a) Determination for nonprofit capacity building assistance and operating assistance will be conducted on demonstration of the approach to capacity building and operating assistance the nonprofit is proposing, Applicant history, and proposed budgets. Keep in mind that HUD expects these funds to be awarded to an organization that will apply for and receive NCS funds to construct or rehabilitate a shelter; applicants who do not demonstrate that such results are possible, will not receive NCO funds. Supporting documentation is detailed in the descriptions in this section; any alternative documentation not listed below, if submitted, may be excluded from consideration at the discretion of the Executive Director or his designee.
- b) The Application consists of four sections:
 - i. **Threshold -- Applicant Information and Experience.** This section will gather necessary information about the nonprofit organization(s) applying for an NCO award, in accordance with the characteristics listed in the HOME-ARP Allocation Plan as amended.
 - ii. **Scored Application Items.** This section will ask Applicants to provide information to be scored but are submitted to improve an Application's likelihood of receiving an award. TDHCA will request that all applicants identify a pre-calculated self-score for their Application. TDHCA will not award points in excess of an applicant's self-score for each individual scoring item. Upon Department determination of an Application's scores, the Department will notify each applicant that receives a review via email of their final score, identifying any specific scoring criterion in which the score awarded is lower than the self-score, and providing notification of a right to appeal.
 - iii. **Threshold -- NCO Use of Funds.** Applicants must describe their approach to implementing the nonprofit capacity building and operating expense assistance, specifically how the funds will expand the ability of the organization to develop an NCS. As stated in the Contract Term and Benchmarks section and Terms and Limitations on Assistance section of this Invitation, current and proposed budgets will determine the maximum award of NCO funds.
 - iv. **Threshold -- Non-Congregate Shelter Plan.** Applicants must commit to provide a clear plan and strategy for how the organization will prepare for and complete an NCS including, but not limited to: number of beds, potential services and partners, staffing plan for shelter, estimated financial requirements, and funding needs/gaps of a future NCS.
- c) **Applicant Information and Experience.** Applicant must include appropriate details and supporting documentation to provide evidence of the below.

#	Threshold	Threshold Description
i.	Applicant Information	<p>Full legal nonprofit name, contact information, and signatory information.</p> <ul style="list-style-type: none"> ○ Include the contact person of the staff entering information on the Application. This must be the person that will be responsive to deficiency response requests. Deficiency requests will be sent to the Application contact person, and not the signatory.
ii.	Proof of Nonprofit status	<p>Documentation of existing Section 501(c) tax-exempt status. Documentation of the 9-digit Federal Tax Identification Number from the IRS and evidence of existing 501(c) status as applicable. Submit a copy of a letter from the IRS which includes both the Applicant Name and the entire Federal Tax Identification Number. Applicant's tax return is not sufficient because it is not an IRS-generated document.</p>
iii.	SAM registration	<p>Evidence of current and active registration in the System for Award Management (SAM) at https://sam.gov/SAM. This evidence may be in the form of a printed page from the SAM website which states both the name and UEIN number of the Applicant.</p>
iv.	Board resolution	<p>Resolution to Apply. A resolution or other governing body action from the Applicant's direct governing body which includes:</p> <ul style="list-style-type: none"> ○ Authorization to submit the NCO Application; ○ Intent to submit an NCS Application within 9 months of NCO award; ○ Title of the person authorized to represent the entity; and ○ Date that the resolution was passed by the governing body, which must be not older than 12 months preceding the date the Application is submitted. <p>The resolution to apply is the only document that may be submitted after the due date of the Application, if necessary. The resolution to apply will be due 60 days after the application due date.</p>
v.	Compliance Forms	<p>The PPR and Single Audit Certification Form should be submitted together, and are found at https://www.tdhca.texas.gov/compliance-forms.</p> <ul style="list-style-type: none"> ○ Previous Participation Review (PPR) is required by the Department, as outlined in 10 TAC §1.302.

#	Threshold	Threshold Description
		<ul style="list-style-type: none"> ○ The organization is required to have a current annual operating budget of at least \$500,000 and Single Audit or Audit Certification Form submitted to the Department in a satisfactory format in accordance with 10 TAC §1.403
vi.	Demonstration of need for shelter	<p>Applicant must demonstrate that there is unmet need among qualifying populations in their service area for an emergency shelter of 25+ beds or more through one of these data points:</p> <ul style="list-style-type: none"> ● Continuum of Care data, ● public housing and affordable housing waiting lists, ● point-in-time surveys, ● housing inventory count, or ● other relevant data on the need for NCS for the qualifying populations. <p><i>Evidence must reflect that at least four times the population of persons possibly in need of shelter as the number of beds in the to-be-proposed NCS from one of the data points listed above. If the applicant anticipates developing a 25 bed shelter, at least 100 persons possibly in need of the type of shelter proposed should be reflected in the data provided.</i></p>
vii.	Procurement Policy and Plan	<p>The Applicant must submit procurement policy and plan to procure consultants/technical assistance professionals with expertise related to HOME-ARP qualified populations, as applicable. If the plan does not include professionals or consultants, the nonprofit’s procurement policy at a minimum must be submitted.</p>
viii.	Evidence of financial management	<p>Applicant must show documentation that their internal controls align with Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards of <u>2 CFR Part 200</u>, as further described by CPD-21-10. This includes written internal controls and budget standards such as asset safeguarding, cash management, and allowability of costs (may be pulled from Bylaws, if applicable).</p>
ix.	Fidelity Bond Requirements	<p>The fidelity bond must adhere to 10 TAC §1.406 and be for a minimum of \$10,000 or an amount equal to the contract if less than \$10,000. The bond must be obtained from a company holding a certificate of authority to issue such bonds in the State of Texas.</p>

#	Threshold	Threshold Description
x.	Information Security and Privacy Agreement (ISPA)	ISPA signed by the person authorized to sign on behalf of the applicant, as indicated in the authorizing Board action. https://www.tdhca.texas.gov/tdhca-information-security-and-privacy-agreement
xi.	HOME-ARP Agreements and Certification	Applicant must agree with the items listed in the certification including, but not limited to: <ul style="list-style-type: none"> ○ Become knowledgeable of HOME-ARP program guidelines, and Federal and State Rules and Regulation; ○ Receive both nonprofit capacity building and nonprofit operating funds, with the minimum amount being \$50,000 for each fund; and ○ Be the fee simple owner, the sole general partner (with no special limited partner), or the sole managing member to develop a NCS of 25+ units; Applicants must submit an executed certification document by the signature authority.

d) Scored Application Items. Applicant may include experience of the existing organization that will be working on the capacity building efforts and NCS construction, reconstruction, or rehabilitation.

	Question	Point Range
i.	Does the organization have Experience rehabbing, converting or constructing NCS or congregate emergency shelters within the last 10 years. Max 10 points Submitted documentation max: 10 pages	If yes, did the emergency shelter have 25 or more beds = 10 points If yes, did the emergency shelter have between 10 and 24 beds = 5 points If no, or a shelter with less than 10 beds = 0 points <i>Evidence must include construction close out documentation, publications of annual reports or other public outreach materials of an opening or completion.</i>
ii.	Experience managing or administering an NCS or congregate emergency shelters Max 10 points	10 or more years of experience = 10 points Five to nine years of experience = 5 points Two to four years of experience = 2 points

	Question	Point Range
	<p>Submitted documentation max: 10 pages</p>	<p>Under two years of experience = 0 points</p> <p><i>Evidence must include annual reports, operating budgets, news stories.</i></p>
iii.	<p>Governing Board Representation</p> <p>Max 5 points</p>	<p>Applicants with a Governing Board that has had one or more officials from local governments (e.g., cities or counties) or one or more elected officials as members for at least 6 months prior to application submission will receive 5 points.</p> <p>Officials from local governments can include decision-making government staff such as directors or managers of planning, housing, parks and recreation, social services or homeless services. Elected officials can include mayors, city council members, or judges. Retired elected officials will count toward this criteria.</p> <p><i>Evidence must include Board meeting minutes or appointment announcements with the date.</i></p>
iv.	<p>Community Engagement</p> <p>Max 5 points</p> <p>Submitted documentation max: 10 pages</p>	<p>Applicants with experience facilitating communication with the public about shelter development and homeless services between December 2021 and November 2024 may receive up to five points. Consultations/discussions should be regarding homelessness and providing solutions to neighborhood organizations, businesses, and local governments.</p> <p>Participation in discussion at a city council/county board meeting = 5 points</p> <p>Consultation with community groups at a publicized event organized by the Applicant = 4 points</p> <p>Participation in discussion at neighborhood organization = 3 points</p> <p><i>Evidence may include meeting minutes, advertisement of event, or published agendas.</i></p>
v.	<p>History of fundraising or awards for homeless program activities to</p>	<p>Demonstration that the organization has experience raising funds or receiving government</p>

	Question	Point Range
	<p>ensure the future non-congregate shelter developments will be able to raise funds to operate and serve shelter occupants</p> <p>Max 5 points</p> <p>Submitted documentation max: 10 pages</p>	<p>awards to serve persons experiencing homelessness. Funds awarded through the US Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020 and the American Rescue Plan Act of 2021 are excluded from this point item.</p> <p>More than \$400,000 = 5 points</p> <p>Funds raised from \$150,000 to \$400,000 = 3 point</p> <p>Less than \$150,000 = 0 points</p> <p><i>Evidence would be general operating budget, award letters, contracts, MOUs, or annual publications showing funding sources or awarded amounts from sources over a one-year period within the months of December 2019 to November 2024 (5 years).</i></p>
vi.	<p>Collaboration with service providers</p> <p>Max 5 points</p> <p>Submitted documentation max: 10 pages</p>	<p>Demonstration that the current organization has experience collaborating with service partners for clients. Evidence would be letters of confirmation, MOUs, or contracts from organizations confirming that they provided services to the applicant's clients or residents of at least 25 per year over a one-year period within the months of December 2019 to November 2024 (5 years).</p> <p>Three or more organizations = 5 points</p> <p>Two other organization = 2 points</p> <p>Less than two agencies = 0 points</p> <p><i>Evidence must include Memorandum of Understandings or other written agreement signed by both agencies, and evidence of number of residents/clients served.</i></p>
vii.	<p>TDHCA Monitoring History</p> <p>Max 5 points</p>	<p>No monitoring Findings, including applicants with no previous monitoring history = 5 points</p> <p>Monitoring close-out letter(s) that included Findings, but the Findings were not related to Household eligibility, habitability/safety, or violations of procurement requirements = 3 points</p>

	Question	Point Range
		<p>Monitoring close-out letter(s) that included 2 or fewer Findings related to Household eligibility, habitability/safety, or violations of procurement = 2 points</p> <p>Monitoring close-out letter(s) included 3 to 4 Findings related to Household eligibility, habitability/safety, violations of procurement requirements OR resulted in disallowed costs between \$1,000 and \$4,999 = 1 point</p> <p>Monitoring close-out letter(s) included 5 or more findings related to Household eligibility, habitability/safety, violations of procurement requirements OR resulted in disallowed costs in excess of \$5,000 which required repayment to the Department = 0 points</p> <p><i>Evidence must include monitoring correspondence from TDHCA, if available.</i></p>
viii.	<p>Investigation of potential NCS site</p> <p>Max 10 Points</p> <p>Submitted documentation max: 10 pages</p>	<p>Site control is not required, but is an additional high-value way of showing ability to proceed. Lacking site control, having narrowed down site options should be described.</p> <p>Applicant has site control including an option to purchase or an option for a lease for at least fifty years= 10 points</p> <p>Criteria for site identified and site search has begun with agent = 7 points</p> <p>Criteria for site identified <u>and</u> steps outlined to obtain site = 3 points</p> <p>Not present or extremely general plan = 0</p> <p><i>Evidence for 10 points would include purchase or lease agreement. Evidence for 7 points would be agent contract. Evidence for 3 points would be plan with site description and steps.</i></p>

	Question	Point Range
ix.	<p>Located in or serving Bryan, Odessa and/or Pasadena.</p> <p>Max 5 points</p>	<p>Organizations that have in-person office space located in Bryan, Odessa, or Pasadena, or organizations that have an active grant or award for a federally funded shelter, housing, or services for the homeless population in Bryan, Odessa or Pasadena will receive additional points:</p> <p>Location or service in Bryan, Odessa or Pasadena Texas = 5 points</p> <p>Not located in or serving Bryan, Odessa or Pasadena Texas = 0 points</p> <p><i>Evidence must include physical location of offices with lease agreements or utility agreements, or grant award letters/contracts showing service area in Bryan, Odessa, or Pasadena.</i></p> <p><i>If NCO amount is higher than \$314,917 or anticipated NCS amount is greater than \$4,002,141, then these points will not be awarded.</i></p>

e) **NCO Use of Funds Plan.** Applicant must include appropriate details, plans and supporting documentation to provide evidence of the below. The criteria listed below are required to be submitted with the Application and will be reviewed, but not scored.

i.	<p>Description of the Capacity Building Approach</p> <p>Submitted documentation max: 5 pages</p>	<p>An applicant must describe their approach to implementing the capacity building assistance through allowable activities. A narrative must also answer the questions: How will funds be used? How does the use of the funds in that way build capacity specific to NCS?</p> <p>Plan includes training needs identified and timeline for training.</p>
ii.	<p>Description of the Operating Expense Assistance Approach</p> <p>Submitted documentation max: 5 pages</p>	<p>An applicant will describe the need for operating cost assistance through allowable activities. Describe how the requested operating expense assistance will support an Application for NCS development within the next 9 months.</p> <p>Plan includes equipment, supplies, and staffing needs.</p>

iii.	Existing Budget	Submit the existing organization’s current operating budget for the fiscal year.
iv.	Proposed Budget	Submit the proposed budget for the grant. The grant budget must be reasonable and well prepared and include major expenses. It must specifically include any equipment the applicant plans to purchase or lease over \$5,000, and must clearly show the difference between the capacity building and operating cost assistance.

f) **Non-Congregate Shelter Plan.** Applicant must include appropriate details, plans and supporting documentation to provide evidence of the below. The criteria listed below are required to be submitted with the Application and will be reviewed, but not scored.

i.	Demonstration of Ability to Proceed with an NCS Application Submitted documentation max: 10 pages	Applicant should submit a clear plan and strategy for how it will prepare for and complete an NCS Application within the next 9 months. The Application must describe the general parameters of the future large-scale NCS. This section should include specific features including, but not limited to: <ol style="list-style-type: none"> 1. approximate number of beds; 2. potential services and partners; 3. staffing plan for shelter; 4. description of any funds already raised for shelter; 5. estimated financial requirements and funding needs/gaps; and 6. a plan for research/technical assistance for funding future NCS operating costs and service provision (including both public and private sector fundraising). 7. Budget estimate for construction or rehabilitation of future NCS.
ii.	Timeline with benchmarks	Timeline submitted with benchmarks that have measurable goals at least every 3 months
iii.	Plan to build community support for new NCS	Plan includes detailed strategy for building community support for NCS through work

	Submitted documentation max: 5 pages	groups, local governments, existing shelters, eviction courts, neighborhood organizations
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(14) Award Selection Process.

- a) The Department may decline to consider any Application if the proposed activities would not, in the Department’s sole determination, represent a prudent use of the Department’s funds. The Department is not obligated to proceed with any action pertaining to any Applications that are received, and may decide it is in the Department’s best interest to refrain from pursuing any selection process or making awards, or will make one or a limited number of awards per the threshold criteria regardless of the funding amount remaining in the Invitation. The Department reserves the right to request clarification on individual elements of any Application.
- b) Pursuant to Tex. Gov’t Code §2306.1112 and 10 TAC §1.303, the Previous Participation Review Approval Process will make recommendations to the Board regarding funding decisions.
- c) Recommendations are limited by the total amount of funds available under this Invitation, and the maximum award amount limitations. As noted in Terms and Limitations on Assistance, organizations located in or serving Odessa, Bryan, Pasadena and claiming points for that preference may have their awards limited for NCO and NCS.
- d) Odessa, Bryan and Pasadena have a preference and not a set-aside in this NCO NOFA. There could be an award in these areas if the scored Applications are high enough. Likewise, there could be no award in these areas if the scored Applications (with the extra points for serving/location in these areas) do not score high enough for an award.
- e) Not more than one award will be made within the same Metropolitan Statistical Area (MSA). If the top two highly scored Applicants are within the same MSA, the highest scored Applicant will be awarded, and a second award, if funds are available, will be made to the next highly scored Applicant in another MSA.
- f) If the two highest-scored applications for NCO anticipate having NCS applications for less than \$14,005,338, the Department may negotiate NCO and NCS award amounts with the Applicants so there can be more than one shelter completed.
- g) In accordance with Tex. Gov’t Code §2306.082 and 10 TAC §1.17, it is the Department’s policy to encourage the use of appropriate alternative dispute resolution procedures (ADR) under the Governmental Dispute Resolution Act, Tex. Gov’t Code Chapter 2009, to assist in resolving disputes under the Department’s jurisdiction.
- h) An applicant may appeal decisions made by staff in accordance with 10 TAC §1.7.

(15) Post Award Requirements and Monitoring.

Any entity administering any or all of the HOME-ARP nonprofit capacity building or operating assistance is a Subrecipient. A Subrecipient may also administer other programs, including programs administered by other state or federal agencies and privately-funded

programs. If the Subrecipient has contracts for other programs through the Department, including but not limited to the HOME Partnerships Program, the Emergency Solutions Grant, or the Texas or National Housing Trust Fund, the Department may, but is not required to and does not commit to, coordinate monitoring of those programs with monitoring of this program.

a) Frequency of Reviews, Notification and Information Collection

- i. In general, the Subrecipient will be scheduled for monitoring based on state or federal monitoring requirements and/or a risk assessment determined by the Department. Factors to be included in the risk assessment include but are not limited to: the number of contracts administered by the Subrecipient, the amount of funds awarded and expended, the length of time since the last monitoring, findings identified during previous monitoring, issues identified through the submission or lack of submission of a Single Audit, complaints received by the Department, and reports of fraud, waste and/or abuse. The risk assessment will also be used to determine which Subrecipients will have an onsite review and which may have a desk review.
- ii. The Department will provide the Subrecipient with written notice of any upcoming onsite or desk monitoring review, and such notice will be given to the Subrecipient by email to the Subrecipient's Contract contact at the email address most recently provided to the Department by the Subrecipient
- iii. In general, a 30 calendar day notice will be provided. However, if a credible complaint of fraud or other egregious noncompliance is received the Department reserves the right to conduct unannounced monitoring visits. It is the responsibility of the Subrecipients to provide to the Department the current contact information for the organization and the Board in accordance with the following:
 - A. Subrecipients will notify the Department and provide contact information for staff that approve the Contract or submit/approve reports in the Contract System. The notification will be sent to the Department by updating its Contract System access request information.
 - B. The Department will rely solely on the contact information supplied by the Subrecipient as indicated in the Department's web-based Contract System. It is the Subrecipient's sole responsibility to ensure such information is current, accurate, and complete. Correspondence sent to the email or physical address shown in the Contract System will be deemed delivered to the Subrecipient. The Department is not required to send a paper copy and if it does so it does as a voluntary and non-precedential courtesy only.
- iv. Upon request, Subrecipient must make available to the Department all books and records that Department determines are reasonably relevant to the scope of the Department's review. Typically, these records may include (but are not limited to):
 - A. Minutes of the governing board and any committees thereof, together with all supporting materials;
 - B. Copies of all internal operating procedures or other documents governing the Subrecipient's operations;

- C. The Subrecipient's Board approved operating budget and reports on execution of that budget;
- D. The Subrecipient's strategic plan or comparable document if applicable and any reports on the achievement of that plan;
- E. Correspondence to or from any independent auditor;
- F. Contracts with any third parties for goods or services and files documenting compliance with any applicable procurement and property disposition requirements;
- G. All general ledgers and other records of financial operations (including copies of checks and other supporting documents) including those showing the distinct uses between capacity building and operating;
- H. Applicable Program Participant files with all required documentation;
- I. Applicable human resources records;
- J. Monitoring reports from other funding entities;
- K. Program Participant files regarding complaints, appeals and termination of services; and
- L. Documentation to substantiate compliance with any other applicable state or federal requirements including, but not limited to, HUD requirements for environmental clearance.

b) Post Monitoring Procedures

- i. In general, within 30 calendar days of the last day of the monitoring visit, a written monitoring report will be prepared for the Subrecipient describing the monitoring assessment and any corrective actions, if applicable. The monitoring report will be emailed to the Subrecipient's Board Chair and Executive Director. All Department monitoring reports and Subrecipient responses to monitoring reports must be provided to the governing body of the Subrecipient within the next two regularly scheduled meetings. Issues of concern over which there is uncertainty or ambiguity may be discussed by the Department with the staff of cognizant agencies overseeing federal funding. Certain types of suspected or observed improper conduct may trigger requirements to make reports to other oversight authorities, state and federal, including but not limited to the State Auditor's Office and applicable Inspectors General.
- ii. Subrecipient Response. If there are any Findings of noncompliance requiring corrective action, the Subrecipient will be provided 30 calendar days from the date of the email to respond, which may be extended for good cause. In order to receive an extension, the Subrecipient must submit a written request to the Director of Compliance within the corrective action period, stating the basis for good cause that justifies the extension. The Department will approve or deny the extension request within five calendar days.
- iii. Monitoring Close Out. Within 45 calendar days after the end of the corrective action period, a close out letter will be issued to the Subrecipient. If the Subrecipient's response satisfies issues raised in the monitoring letter, the issue of noncompliance will be noted as resolved. If the Subrecipient's response does not correct all Findings, the follow-up letter will identify the documentation that must be submitted to correct the issue.

- iv. Options for Review. If, following the submission of corrective action documentation, Compliance staff continues to find the Subrecipient in noncompliance, and the Subrecipient disagrees, the Subrecipient may request or initiate review of the matter using the following options, where applicable:
 - A. If the issue is related to a program requirement or prohibition of a federal program, the Subrecipient may contact the applicable federal program officer for guidance or request that the Department contact applicable federal program officer for guidance without identifying the Subrecipient.
 - B. If the issue is related to Application of a provision of the Contract or a requirement of the Texas Administrative Code, the Subrecipient may request to submit an appeal to the Executive Director consistent with the following Appeal process:
 - C. The Subrecipient may request Alternative Dispute Resolution (ADR). Subrecipient may send a proposal to the Department's Dispute Resolution Coordinator to initiate ADR pursuant to Chapter 1, Subchapter A of this title, relating to General Policies and Procedures.
- v. If the Subrecipient does not respond to a monitoring letter or fail to provide acceptable evidence of compliance, the matter will be handled through the procedures described in Chapter 2 of this Title, relating to Enforcement.
- vi. Awarded applicants may, at the Department's discretion, be charged fees for ongoing monitoring.
- vii. An applicant may be required to meet additional requirements prior to Contract, as determined by the Board, or federal or state requirements.
- viii. An awarded applicant may be required to meet additional documentation requirements in order to draw funds, in accordance with its Previous Participation results.
- ix. Additional Post Award Monitoring guidance can be found in HUD [2 CFR Part 200 Overview for Grantees](#)

For questions regarding this Invitation, please contact Peg McCoy, HOME-ARP Manager at Peg.McCoy@tdhca.state.tx.us.



HOME American Rescue Plan (HOME-ARP) Capacity Building and Operating Cost (NCO) Assistance for Non- Congregate Shelter (NCS) Qualifying Areas

The U.S. Department of Housing and Urban Development (HUD) develops requirements for many federally-funded programs by setting annual Fair Market Rents (FMRs) for Metropolitan Statistical Areas (MSAs) or HUD Metro FMR Areas (HMFAs) across the country. These rates represent the cost to rent a moderately-priced dwelling unit in the local housing market. Applicants should use these charts to determine if they are in areas that qualify for NCS due to high cost of living and increase in cost of living. Only areas reflected in both these charts are eligible to apply.

Areas with Fair Market Rent for One Bedroom Units between 2021-2025 Greater than 30%

HUD Area Name	Counties within MSA or HMFA	2021 Fair Market Rent	2025 Fair Market Rent	2021-2025 percent change
Amarillo, TX HMFA	Armstrong, Carson, Potter, Randall	\$705	\$952	35%
Andrews County, TX		\$838	\$1,252	49%
Atascosa County, TX HMFA		\$773	\$1,068	38%
Austin-Round Rock, TX MSA	Bastrop, Caldwell, Hays, Travis, Williamson	\$1,212	\$1,650	36%
Coleman County, TX		\$557	\$798	43%
College Station-Bryan, TX MSA	Brazos, Burleson, Robertson	\$774	\$1,089	41%
Collingsworth County, TX		\$644	\$843	31%
Colorado County, TX		\$574	\$814	42%
Concho County, TX		\$640	\$880	38%
Corpus Christi, TX MSA	Nueces, San Patricio	\$864	\$1,128	31%
Cottle County, TX		\$582	\$786	35%
Crane County, TX		\$582	\$795	37%
Culberson County, TX		\$571	\$786	38%
Dallam County, TX		\$668	\$874	31%
Dallas, TX HMFA	Collin, Dallas, Denton, Ellis, Hunt, Kaufman, Rockwall	\$1,134	\$1,606	42%

HUD Area Name	Counties within MSA or HMFA	2021 Fair Market Rent	2025 Fair Market Rent	2021-2025 percent change
Dimmit County, TX		\$628	\$843	34%
Eastland County, TX		\$629	\$843	34%
El Paso, TX HMFA	El Paso	\$687	\$1,020	48%
Fort Worth-Arlington, TX HMFA	Johnson, Parker, Tarrant	\$1,021	\$1,461	43%
Gaines County, TX		\$582	\$808	39%
Gillespie County, TX		\$734	\$971	32%
Grimes County, TX		\$564	\$785	39%
Hale County, TX		\$644	\$843	31%
Hardeman County, TX		\$557	\$731	31%
Henderson County, TX		\$609	\$816	34%
Hockley County, TX		\$644	\$843	31%
Hopkins County, TX		\$625	\$886	42%
Houston-The Woodlands-Sugar Land, TX HMFA	Chambers, Fort Bend, Galveston, Harris, Liberty, Montgomery, Waller	983	1279	30%
Hudspeth County, TX HMFA	Hudspeth	\$605	\$902	49%
Jack County, TX		\$582	\$843	45%
Karnes County, TX		\$640	\$861	35%
Kendall County, TX HMFA	Kendall	\$1,061	\$1,408	33%
Killeen-Temple, TX HMFA	Bell, Coryell	\$639	\$930	46%
Kleberg County, TX		\$681	\$899	32%
La Salle County, TX		\$572	\$755	32%
Lampasas County, TX HMFA	Lampasas	\$604	\$787	30%
Laredo, TX MSA	Webb	\$735	\$959	30%
Lavaca County, TX		\$590	\$839	42%
Longview, TX HMFA	Gregg, Upshur	\$721	\$995	38%
Lubbock, TX HMFA	Crosby, Lubbock	\$733	\$1,007	37%
Martin County, TX HMFA	Martin	\$595	\$1,589	167%
Matagorda County, TX		\$627	\$867	38%
Maverick County, TX		\$570	\$797	40%
McAllen-Edinburg-Mission, TX MSA	Hidalgo	\$574	\$798	39%
Medina County, TX HMFA	Medina	\$657	\$908	38%
Midland, TX HMFA	Midland	\$1,128	\$1,591	41%
Mitchell County, TX		\$601	\$838	39%
Nolan County, TX		\$559	\$780	40%

HUD Area Name	Counties within MSA or HMFA	2021 Fair Market Rent	2025 Fair Market Rent	2021-2025 percent change
Ochiltree County, TX		\$610	\$795	30%
Odessa, TX MSA	Ector	\$924	\$1,295	40%
Presidio County, TX		\$582	\$786	35%
Rains County, TX		\$623	\$843	35%
Real County, TX		\$679	\$911	34%
Red River County, TX		\$557	\$837	50%
Runnels County, TX		\$566	\$786	39%
Rusk County, TX HMFA	Rusk	\$575	\$840	46%
San Angelo, TX HMFA	Irion, Tom Green	\$762	\$998	31%
San Antonio-New Braunfels, TX HMFA	Bandera, Bexar, Comal, Guadalupe, Wilson	\$912	\$1,231	35%
San Augustine County, TX		\$582	\$786	35%
San Jacinto County, TX		\$582	\$843	45%
Shelby County, TX		\$557	\$843	51%
Sherman-Denison, TX MSA	Grayson	\$792	\$1,113	41%
Stephens County, TX		\$590	\$786	33%
Terry County, TX		\$557	\$752	35%
Upton County, TX		\$644	\$843	31%
Victoria, TX MSA	Goliad, Victoria	\$837	\$1,099	31%
Waco, TX HMFA	McLennan	\$721	\$1,106	53%
Ward County, TX		\$636	\$961	51%
Wichita Falls, TX MSA	Archer, Clay, Wichita	\$656	\$896	37%
Winkler County, TX		\$582	\$771	32%
Yoakum County, TX		\$652	\$993	52%
Young County, TX		\$572	\$752	31%

Areas with One Bedroom with Fair Market Rent 2025 greater than \$1,000.

HUD Area Name	Counties (if MSA or FMR)	2025 Fair Market Rent
Austin-Round Rock, TX MSA	Bastrop, Caldwell, Hays, Travis, Williamson	\$1,650
Dallas, TX HMFA	Collin, Dallas, Denton, Ellis, Hunt, Kaufman, Rockwall	\$1,606
Midland, TX HMFA	Midland	\$1,591
Martin County, TX HMFA	Martin	\$1,589
Fort Worth-Arlington, TX HMFA	Johnson, Parker, Tarrant	\$1,461

Kendall County, TX HMFA	Kendall	\$1,408
Odessa, TX MSA	Ector	\$1,295
Houston-The Woodlands-Sugar Land, TX HMFA	Chambers, Fort Bend, Galveston, Harris, Liberty, Montgomery, Waller	\$1,279
Andrews County, TX		\$1,252
San Antonio-New Braunfels, TX HMFA	Bandera, Bexar, Comal, Guadalupe, Wilson	\$1,231
Brazoria County, TX HMFA	Brazoria	\$1,138
Corpus Christi, TX MSA	Aransas	\$1,128
Sherman-Denison, TX MSA	Grayson	\$1,113
Waco, TX HMFA	McLennan	\$1,106
Victoria, TX MSA	Goliad, Victoria	\$1,099
College Station-Bryan, TX MSA	Brazos, Burleson, Robertson	\$1,089
Tyler, TX MSA	Smith	\$1,084
Atascosa County, TX HMFA	Atascosa	\$1,068
El Paso, TX HMFA	El Paso	\$1,020
Lubbock, TX HMFA	Crosby, Lubbock	\$1,007
Wise County, TX HMFA	Wise	\$1,006



HOME American Rescue Plan (HOME-ARP)
Capacity Building and Operating Cost (NCO) Assistance for Non-
Congregate Shelter (NCS)
Electronic Filing Agreement and Intent to Apply

Nonprofit organizations interested in applying for HOME-ARP NCO to support an organization to construct or rehabilitate NCS must submit this completed form at least five (5) business days before the 2025 NCO Application is due. The NCO Application due dates are listed in the Notice of Funding Availability (NOFA) at <https://www.tdhca.texas.gov/notices-funding-availability-nofas>. Only after receipt and acceptance of the Intent to Apply will the nonprofit organization receive an application to complete for NCO.

This is an agreement between the Texas Department of Housing and Community Affairs and the NCO Applicant to facilitate the electronic submission of application documents for NCO in accordance with the Department policy. This agreement authorizes the Applicant to file application documents by means of electronic transmission for the duration of this Agreement and as specified by Department procedures. This agreement must be signed by the Applicant. The term "application documents" is defined to include responses to Administrative Deficiencies issued by the Department, supplemental reports, and any documentation required to meet ongoing program review and Department reporting requirements. The signature of the Applicant on this Agreement is deemed to appear on all electronically filed application documents as if actually so appearing. The Applicant's electronic submission of application documents must be in the manner prescribed by the Texas Department of Housing and Community Affairs HOME-ARP Division. This Agreement is effective as of the latest date specified below and remains effective until terminated by written notification from either party. This Agreement may be amended at any time by the execution of a written addendum to this agreement by the Applicant and the Texas Department of Housing and Community Affairs.

1. Name of Applicant:
2. Name of Executive Signatory:
3. Signatory email address:
4. Name of Contact for Application:
5. Mailing address of organization (address, zip, county):
6. Applicant or Contact Phone:
7. Contact email:

8. List of other email addresses of those who need to be emailed Serv-U setup/login information:

9. Potential area for the NCS (city, county):
10. Fair market rent (FMR) by county for 1-bedroom units percent difference between 2021 and 2025:
11. One-bedroom FMR by county for FY2025:
12. Estimated Application Amount for NCO (cannot exceed \$750,000):
13. Estimated Amount for development/rehabilitation of NCS:
14. Estimated Application Amount for NCS for HOME-ARP (Anticipated availability is \$14,005,338 pending submitted application processing):

Note: The FMR percent difference for Item 4 must be more than 30% for the organization to qualify to apply for NCO. The FMR amount for FY2025 in Item 5 must be \$1,000 or more for the organization to qualify to apply for NCO. Lists of Metropolitan Statistical Areas that meet the criteria for a NCS can be found online at <https://www.tdhca.texas.gov/programs/home-american-rescue-plan>.

Upon completion of this form, submit to Peg McCoy, HOME-ARP Manager, at peg.mccoy@tdhca.state.tx.us.

Applicant:

Signature

Printed Name

Date



Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 910

Agenda Date: 01/16/2025

Agenda #: 12

Presentation, discussion, and possible action regarding approval of the Department's 2025-1 National Housing Trust Fund Notice of Funding Availability

**TO BE POSTED
NOT LATER THAN
THE THIRD DAY
BEFORE THE
DATE OF THE
MEETING**



Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 911

Agenda Date: 01/16/2025

Agenda #: 13

Presentation, discussion, and possible action on a loan approval for FishPond at Victoria

**TO BE POSTED
NOT LATER THAN
THE THIRD DAY
BEFORE THE
DATE OF THE
MEETING**



Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 25-013

Agenda Date: 1/16/2025

Agenda #: 14.

Presentation, discussion, and possible action regarding the Issuance of Multifamily Housing Revenue Bonds (The Ridge at Loop 12) Series 2025A-1, Series 2025A-2, and Series 2025B, Resolution No. 25-013, an award of Direct Loan Funds, and a Determination Notice of Housing Tax Credits

RECOMMENDED ACTION

WHEREAS, the Board adopted an inducement resolution for The Ridge at Loop 12 at the Board meeting of March 9, 2023;

WHEREAS, an application for The Ridge at Loop 12 requesting 4% Housing Tax Credits, sponsored by DHFC The Ridge at Loop 12 GP, LLC and the Dallas Housing Finance Corporation, was submitted to the Department on May 3, 2024;

WHEREAS, an application was submitted under the Tax Credit Assistance Program (TCAP) 2024-3 Multifamily Direct Loan Notice of Funding Availability (2024-3 NOFA) with an Application Acceptance Date of May 6, 2024;

WHEREAS, in lieu of a Certification of Reservation, a Carryforward Designation Certificate from the Texas Bond Review Board (BRB) was issued on January 2, 2024, and will expire on December 31, 2026; and

WHEREAS, staff recommends approval of the issuance of Multifamily Housing Revenue Bonds for The Ridge at Loop 12 (Series 2025A-1, Series 2025A-2, and Series 2025B), an award of TCAP, and the issuance of a Determination Notice;

NOW, therefore, it is hereby

RESOLVED, that the issuance of Multifamily Housing Revenue Bonds (The Ridge at Loop 12) Series 2025A-1, Series 2025A-2 in the total amount of \$50,000,000, and taxable bonds Series 2025B in the amount of \$11,914,000, Resolution No. 25-013, is hereby approved in the form presented to this meeting;

FURTHER RESOLVED, the issuance of a Determination Notice of \$4,343,053 in 4% Housing Tax Credits, and \$10,000,000 in Tax Credit Assistance Program Repayment Funds (TCAP) Direct Loan funds for The Ridge at Loop 12, subject to underwriting conditions that may be applicable as found in the Real Estate Analysis report posted to the Department's website, is hereby approved in the form presented to this meeting; and

FURTHER RESOLVED, that if approved, staff is authorized, empowered, and directed, for and on behalf of the Department to execute such documents, instruments and writings and perform such acts and deeds as may be necessary to effectuate the foregoing.

BACKGROUND

General Information: The Multifamily Housing Revenue Bonds will be issued in accordance with Tex. Gov't Code §2306.353 *et seq.*, which authorizes the Department to issue bonds for its public purposes, as defined therein. Tex. Gov't Code §2306.472 provides that the Department's multifamily housing bonds are solely obligations of the Department, and do not create an obligation, debt or liability of the State of Texas or a pledge or loan of faith, credit or taxing power of the State of Texas.

Development Information: The Ridge at Loop 12 is proposed to be located at 1100 North Walton Walker Boulevard in Dallas, Dallas County, and involves the new construction of 300 units that will serve the general population. A 2023 Traditional Carryforward designation was received from the Bond Review Board and the application reflects that a Priority 3 designation has been elected, neither of which requires restrictions regarding the Area Median Family Income (AMFI). Of the 300 total units, 11 units will be rent and income-restricted at 50% of AMFI; 278 units will be rent and income-restricted at 60% of AMFI; and 11 units will be rent and income-restricted at 70% of AMFI. Layered among the HTC units are 52 TCAP units, of which 11 units are proposed to be rent restricted at Low HOME rents, and income-restricted at 50% of AMFI and 41 units are proposed to be rent restricted at High HOME rents and income-restricted at 60% of AMFI. Moreover, there are 56 Match Units.

Organizational Structure and Previous Participation: The Borrower is LDG The Ridge at Loop 12, LP, and includes the entities and principals as illustrated in Exhibit A. The applicant's portfolio is considered a Category 2 and the previous participation conditions noted in Exhibit A-1 are recommended by staff.

Tax Equity and Fiscal Responsibility Act (TEFRA) Public Hearing/Public Comment: On March 18, 2022, the IRS released Revenue Procedure 2022-20, which permanently allows TEFRA hearings for qualified activity bonds to be held telephonically. Staff conducted a telephonic hearing for the proposed development on July 11, 2024. Representatives from the Department and the Developer were present, and no public comment was made. The Department has not received any letters of support or opposition for the development.

Summary of Financial Structure

Under the proposed structure, the Department will issue unrated, fixed rate tax-exempt bonds as Series 2025A-1, Series 2025A-2 and taxable bonds Series 2025B, in the aggregate principal amount of \$61,914,000, to be purchased by NewPoint Real Estate Capital. The Series 2025A-1 bonds will be construction to permanent financing, have a 17-year term, with the first 10-years

being interest only, a 40-year amortization, and a maturity date 40 years after closing, approximately March 1, 2065. The Bond Resolution included herein includes an exhibit that references a range of bond amounts that correspond to the applicable all-in interest rate. For purposes of the Department's underwriting, the Series 2025A-1 bonds were underwritten utilizing a bond amount of \$42,123,400 (construction and perm), with a maximum interest rate based upon the sum of 2.90% and the 15-year BVAL Municipal Index (non-callable) as published by Bloomberg, estimated at the time of underwriting to be 6.39% during the construction period. The interest rate is anticipated to be 5.84% during the permanent period.

The Series 2025A-2 bonds utilize the same range of bond amounts that correspond to the applicable all-in interest rate. For purposes of the Department's underwriting, the Series 2025A-2 bonds were underwritten utilizing a bond amount of \$7,856,600 with a maximum interest rate based upon the sum of 3.45% and the 15-year BVAL Municipal Index (non-callable) as published by Bloomberg, estimated at the time of underwriting to be 6.39%. The Series 2025A-2 bonds are intended to be construction only, with a 34-month term, with the option of two six-month extensions, and a final maturity date of January 1, 2029 (inclusive of both extensions).

The series 2025B taxable bonds are underwritten in the amount of \$11,914,000, with a maximum interest rate based upon the sum of 3.45% and the two-year U.S. Treasury Note, estimated at the time of underwriting to be 6.39%. A 34-month term, with the option of two six-month extensions, and a final maturity date of January 1, 2029, is anticipated (inclusive of both extensions).

A request for \$10,000,000 of the Department's Multifamily Direct Loan TCAP funds will support 52 of the units and will provide 56 Match Units. The interest rate will be 2% as required under the 2024-3 NOFA. The term of the TCAP loan will be co-terminus with the senior permanent loan.

Exhibit A

ORGANIZATIONAL CHART THE RIDGE AT LOOP 12

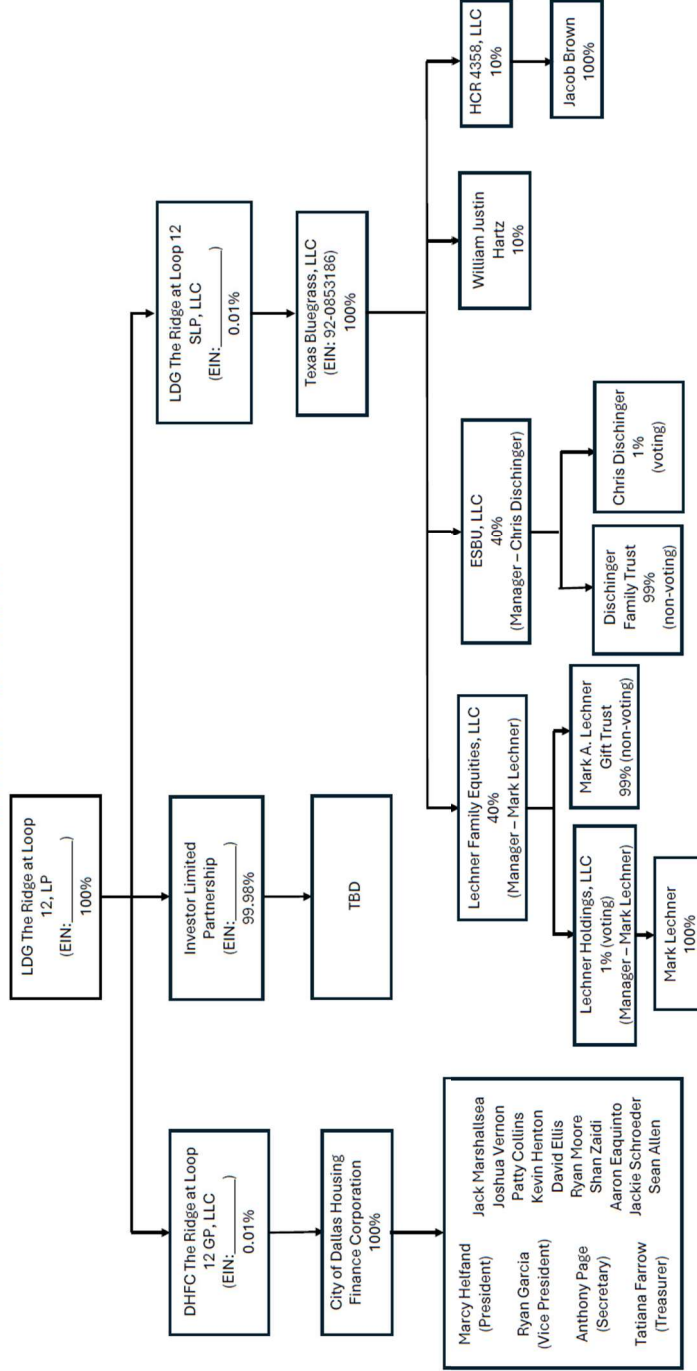


Exhibit A-1

Previous Participation Results

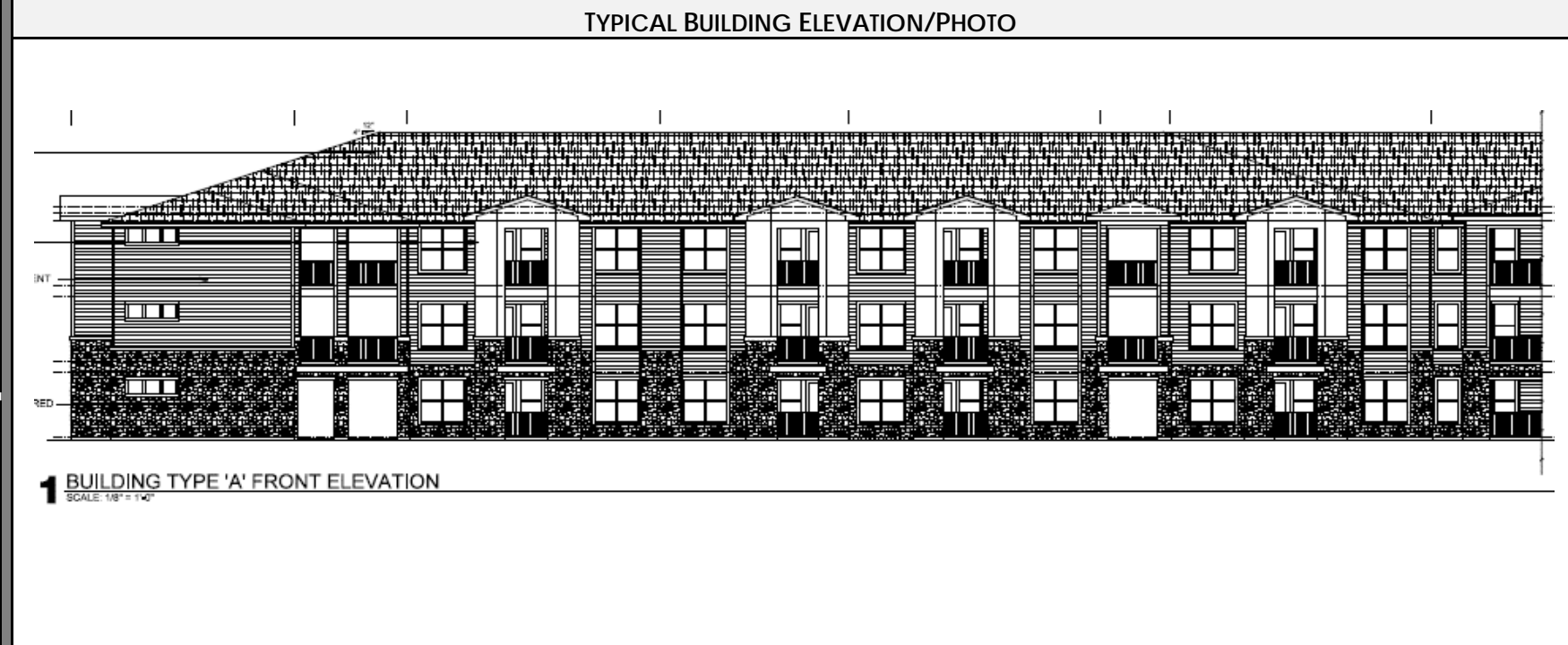
Development Name	Application Number	Category	PPR Conditions
The Ridge at Loop 12	24607	2	1. The Applicant, or the management company contracted by the Applicant, has prepared and updated its internal procedures to improve compliance outcomes and to provide copies of such new or updated procedures to the Department.
			2. Owner is required to designate a person or persons to receive Compliance correspondence and ensure that this person or persons will provide timely responses to the Department for and on behalf of the proposed Development and all other Developments subject to TDHCA LURAs over which the Owner has the power to exercise Control.

24607 The Ridge at Loop 12 - Application Summary

REAL ESTATE ANALYSIS DIVISION
January 9, 2025

PROPERTY IDENTIFICATION		RECOMMENDATION					
Application #	24607	TDHCA Program	Request	Recommended			
Development	The Ridge at Loop 12	LIHTC (4% Credit)	\$4,343,053	\$4,343,053	\$14,477/Unit	\$0.84	
City / County	Dallas / Dallas	Private Activity Bonds (TDHCA Issuer Only)	\$50,000,000	\$50,000,000			
Region/Area	3 / Urban		Amount	Rate	Amort	Term	Lien
Population	General	MFDL Fully Amortized	\$10,000,000	2.00%	40	17.0	2
Set-Aside	General						
Activity	New Construction						

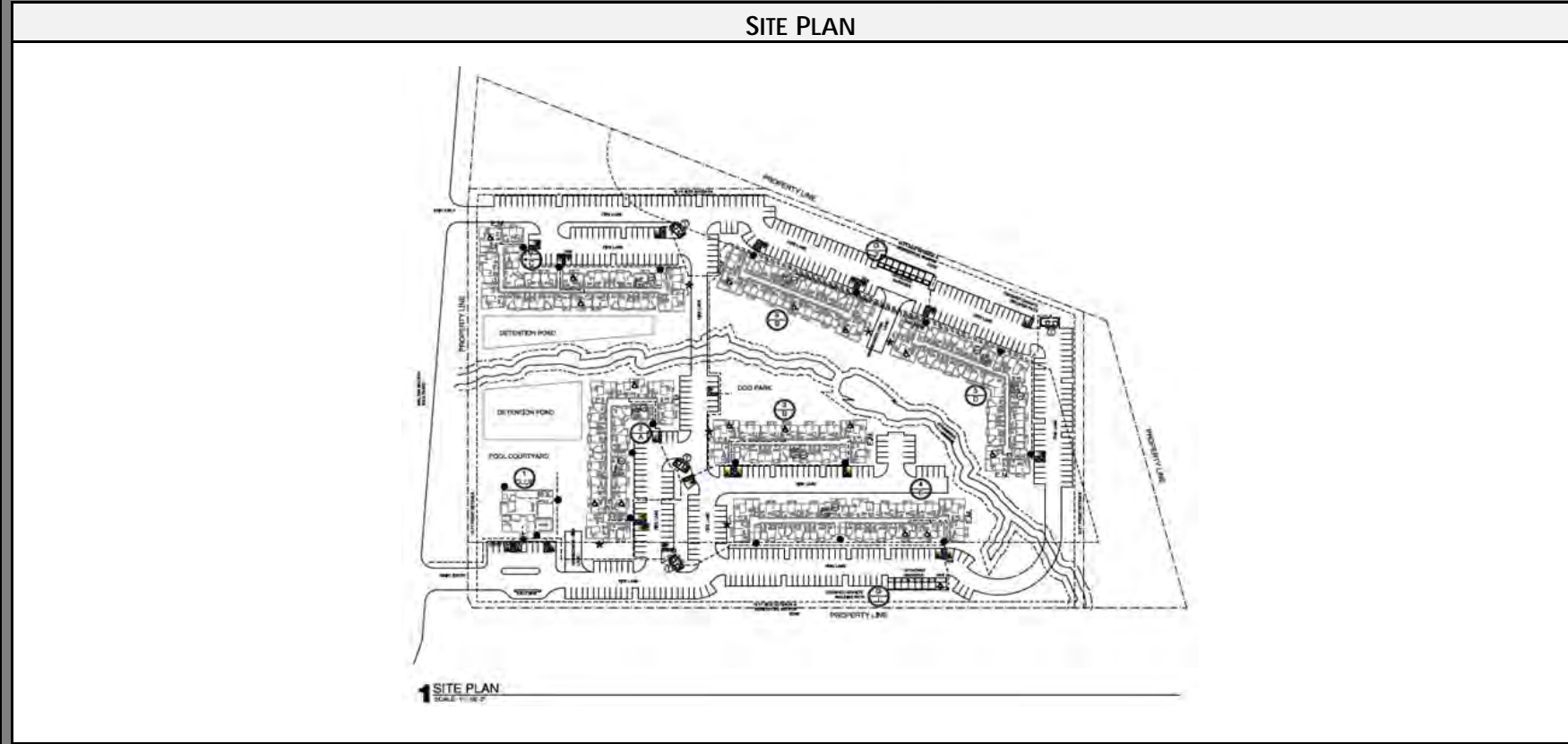
KEY PRINCIPALS / SPONSOR		
• LDG Development / Chris Dischinger & Mark Lechner		
• City of Dallas Housing Finance Corporation		
Related Parties	Contractor - Yes	Seller - No



UNIT DISTRIBUTION			INCOME DISTRIBUTION		
# Beds	# Units	% Total	Income	# Units	% Total
Eff	-	0%	20%	-	0%
1	36	12%	30%	-	0%
2	117	39%	40%	-	0%
3	135	45%	50%	11	4%
4	12	4%	60%	278	93%
			70%	11	4%
			80%	-	0%
			MR	-	0%
TOTAL	300	100%	TOTAL	300	100%

PRO FORMA FEASIBILITY INDICATORS

Pro Forma Underwritten		Applicant's Pro Forma	
Debt Coverage	1.16	Expense Ratio	31.2%
Breakeven Occ.	83.7%	Breakeven Rent	\$1,356
Average Rent	\$1,502	B/E Rent Margin	\$146
Property Taxes	Exempt	Exemption/PILOT	100%
Total Expense	\$5,309/unit	Controllable	\$3,485/unit



MARKET FEASIBILITY INDICATORS

Gross Capture Rate (10% Maximum)	4.0%
Highest Unit Capture Rate	13% 3 BR/60% 82
Dominant Unit Cap. Rate	13% 3 BR/60% 82
Premiums (↑80% Rents)	N/A N/A
Rent Assisted Units	6 2% Total Units

DEVELOPMENT COST SUMMARY

Costs Underwritten		Applicant's Costs	
Avg. Unit Size	961 SF	Density	19.5/acre
Acquisition	\$08K/unit		\$2,500K
Building Cost	\$156.84/SF	\$151K/unit	\$45,211K
Hard Cost		\$182K/unit	\$54,655K
Total Cost		\$311K/unit	\$93,195K
Developer Fee	\$10,894K	(48% Deferred)	Paid Year: 8
Contractor Fee	\$7,169K	30% Boost	Yes

DEBT (Must Pay)					CASH FLOW DEBT / GRANT FUNDS					EQUITY / DEFERRED FEES	
Source	Term	Rate	Amount	DCR	Source	Term	Rate	Amount	DCR	Source	Amount
NewPoint	17/40	5.84%	\$40,489,000	1.32	Below Market Interest Rate Savings	0/0	0.00%	\$750,000	1.16	Enterprise	\$36,691,456
TDHCA MDL	17/40	2.00%	\$10,000,000	1.16						LDG Multifamily, LLC	\$5,264,364
TOTAL DEBT (Must Pay)			\$50,489,000		CASH FLOW DEBT / GRANTS			\$750,000		TOTAL EQUITY SOURCES	\$41,955,820
										TOTAL DEBT SOURCES	\$51,239,000
										TOTAL CAPITALIZATION	\$93,194,820

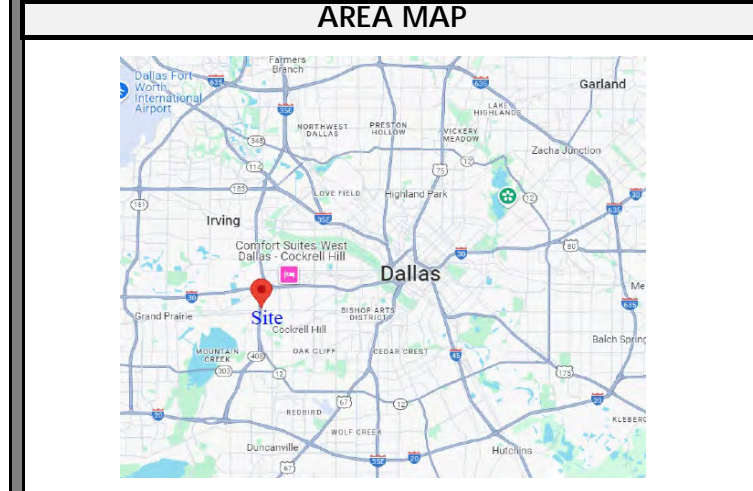
CONDITIONS

- 1 **Receipt and acceptance before Determination Notice:**
 - A revised site plan that provides sufficient free parking consistent with the local code and the QAP.
- 2 **Receipt and acceptance before Direct Loan Contract:**
 - Documentation that a noise study has been completed, and certification from the Architect that all recommendations from the noise study are incorporated into the development plans.
- 3 **Receipt and acceptance before Direct Loan Closing:**
 - a: Updated application exhibits: Rent Schedule, Utility Allowance, Operating Expenses, Long-Term Pro Forma, Development Cost Schedule, Schedule of Sources; and documentation necessary to support any changes from previous underwriting.
 - b: Substantially final construction contract with Schedule of Values.
 - c: Updated term sheets with substantially final terms from all lenders.
 - d: Substantially final draft of limited partnership agreement.
 - e: Senior loan documents and/or partnership documents must contain a provision that any stabilization resizing on the senior debt includes the debt service on the TDHCA MDL at a minimum 1.15 DCR.
 - f: Substantially final Ground Lease with all terms.
- 4 **Receipt and acceptance by Project Completion:**
 - a: Architect certification that a noise assessment was completed, and that all recommendations were implemented and the Development is compliant with HUD noise guidelines.
 - b: If any portion of the site is determined to be a wetland area, certification that compliance with all federal, state and local wetland mitigation requirements has been met.

Should any terms of the proposed capital structure change or if there are material changes to the overall development plan or costs, the analysis must be re-evaluated and adjustment to the credit allocation and/or terms of other TDHCA funds may be warranted.

BOND RESERVATION / ISSUER	
Issuer	TDHCA
Expiration Date	12/31/2026
Bond Amount	\$50,000,000
BRB Priority	Carryforward/Priority 3
% Financed with Tax-Exempt Bonds	57.6%

RISK PROFILE	
STRENGTHS/MITIGATING FACTORS	
<input type="checkbox"/>	Low Expense ratio
<input type="checkbox"/>	Low Gross Capture Rate
<input type="checkbox"/>	Developer/Owner's construction and management experience with Texas HTC projects
<input type="checkbox"/>	As underwritten, 15 year residual cash flow is \$8.2M after deferred developer fee is paid in Year 8
WEAKNESSES/RISKS	
<input type="checkbox"/>	Feasibility relies on full property tax exemption
<input type="checkbox"/>	Interest Rate Risk
<input type="checkbox"/>	Construction cost risk



AERIAL PHOTOGRAPH(S)





DEVELOPMENT IDENTIFICATION

TDHCA Application #: **24607** Program(s): **4% HTC/MDL**

The Ridge at Loop 12

Address/Location: 1100 N. Walton Walker Blvd

City: Dallas County: Dallas Zip: 75211

Population: General Program Set-Aside: General Area: Urban

Activity: New Construction Building Type: Garden (Up to 4-story) Region: 3

Analysis Purpose: New Application - Initial Underwriting

ALLOCATION

TDHCA Program	REQUEST				RECOMMENDATION						
	Amount	Int. Rate	Amort	Term	Amount	Int. Rate	Amort	Perm. Term	Perm Lien	Const. Term	Const Lien
MFDL Fully Amortized	\$10,000,000	2.00%	40	17.0 yrs	\$10,000,000	2.00%	40	17.0 yrs	2	36 mos	2
Private Activity Bonds (TDHCA Issuer Only)	\$50,000,000				\$50,000,000						
LIHTC (4% Credit)	\$4,343,053				\$4,343,053						

* Multifamily Direct Loan and HOME ARP Terms:

* The term of a Multifamily Direct Loan or HOME ARP loan should match the term of any superior loan (within 6 months).

** Final construction term will be noted in the loan documents.

CONDITIONS

- 1 **Receipt and acceptance before Determination Notice:**
 - A revised site plan that provides sufficient free parking consistent with the local code and the QAP.
- 2 **Receipt and acceptance before Direct Loan Contract:**
 - Documentation that a noise study has been completed, and certification from the Architect that all recommendations from the noise study are incorporated into the development plans.
- 3 **Receipt and acceptance before Direct Loan Closing:**
 - a: Updated application exhibits: Rent Schedule, Utility Allowance, Operating Expenses, Long-Term Pro Forma, Development Cost Schedule, Schedule of Sources; and documentation necessary to support any changes from previous underwriting.
 - b: Substantially final construction contract with Schedule of Values.
 - c: Updated term sheets with substantially final terms from all lenders.
 - d: Substantially final draft of limited partnership agreement.

e: Senior loan documents and/or partnership documents must contain a provision that any stabilization resizing on the senior debt includes the debt service on the TDHCA MDL at a minimum 1.15 DCR.

f: Substantially final Ground Lease with all terms.

4 Receipt and acceptance by Project Completion:

a: Architect certification that a noise assessment was completed, and that all recommendations were implemented and the Development is compliant with HUD noise guidelines.

b: If any portion of the site is determined to be a wetland area, certification that compliance with all federal, state and local wetland mitigation requirements has been met.

Should any terms of the proposed capital structure change or if there are material changes to the overall development plan or costs, the analysis must be re-evaluated and adjustment to the credit allocation and/or terms of other TDHCA funds may be warranted.

SET-ASIDES

TDHCA SET-ASIDES for HTC LURA		
Income Limit	Rent Limit	Number of Units
50% of AMI	50% of AMI	11
60% of AMI	60% of AMI	278
70% of AMI	70% of AMI	11

TDHCA SET-ASIDES for DIRECT LOAN LURA		
Income Limit	Rent Limit	Number of Units
50% of AMFI	Low HOME	11
60% of AMFI	High HOME	41

DEVELOPMENT SUMMARY

This new construction development will be 300 family units on approximately 15 acres named The Ridge at Loop 12 located at 1100 N. Walton Walker Blvd, Dallas, TX. This development will have a mix of 1, 2, 3 and 4 bedroom apartments at 50%, 60%, and 70% AMI. Amenities will include a pool, clubhouse and dog park.

RISK PROFILE

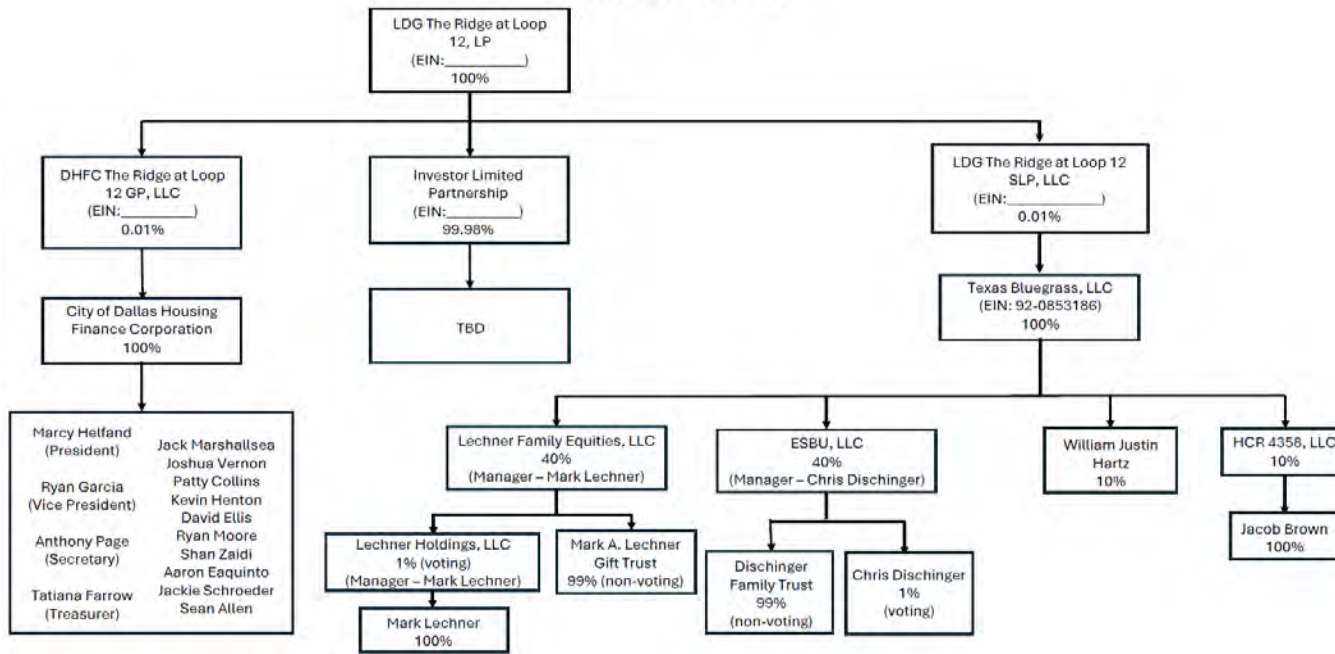
STRENGTHS/MITIGATING FACTORS	
▫	Low Expense ratio
▫	Low Gross Capture Rate
▫	Developer/Owner's construction and management experience with Texas HTC projects
▫	As underwritten, 15 year residual cash flow is \$8.2M after deferred developer fee is paid in Year 8

WEAKNESSES/RISKS	
▫	Feasibility relies on full property tax exemption
▫	Interest Rate Risk
▫	Construction cost risk
▫	

DEVELOPMENT TEAM

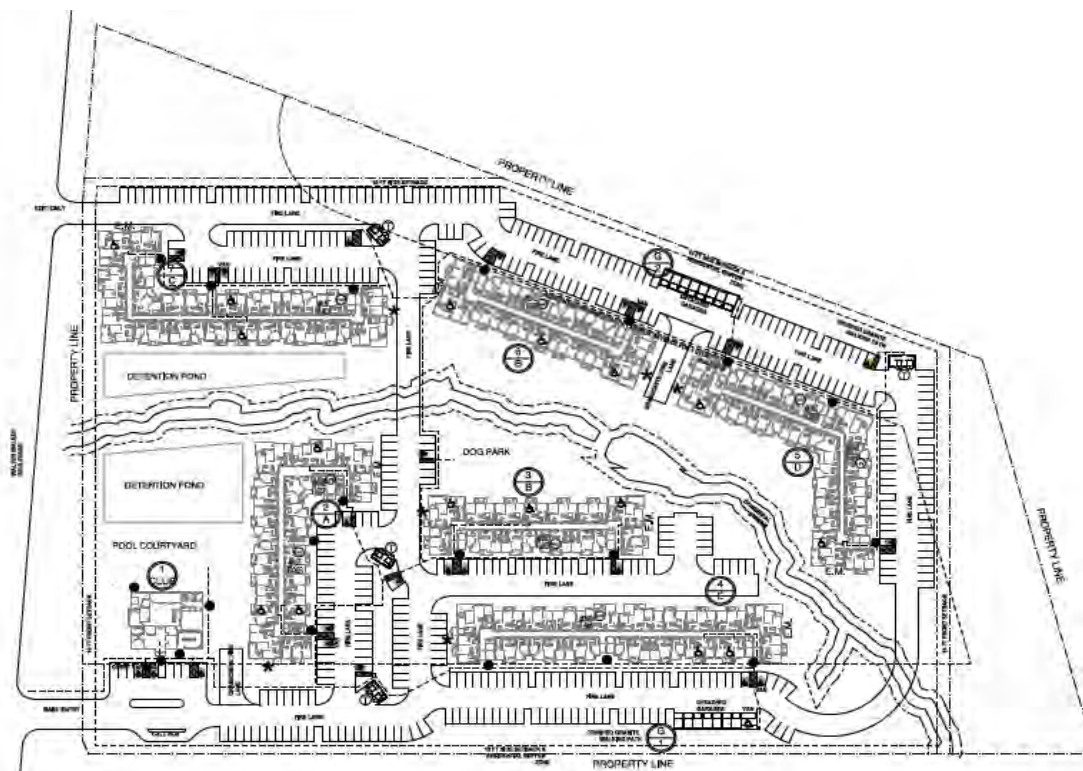
OWNERSHIP STRUCTURE

ORGANIZATIONAL CHART THE RIDGE AT LOOP 12



DEVELOPMENT SUMMARY

SITE PLAN



AERIAL



Parking	No Fee		Tenant-Paid		Total	
	Count	Rate	Count	Rate	Count	Rate
Open Surface	443	1.5/unit	0	--	443	1.5/unit
Carport	0	--	0	--	0	--
Garage	0	--	16	0.1/unit	16	0.1/unit
Total Parking	443	1.5/unit	16	0.1/unit	459	1.5/unit

Comments:

According to the site plan, 450 parking spaces (1.50/unit) are required for the development by Local Code. Planned parking will exceed Code with 459 spaces. This will include 443 open surface spaces provided at no charge to the residents and 16 detached garage spaces that will be tenant paid. However, pursuant to the QAP, the minimum number of required parking spaces must be made available to the tenants at no cost, which means that either 7 more open surface spaces are added or that 7 of the garage spaces will be free of charge. Alternatively, Applicant can get a variance or City approval for the minimum number of spaces to be set at 443.

APPRAISED VALUE

Appraiser: Titan Valuation Date: 8/5/2024

Land as Vacant: 15.42 acres \$2,690,000 Per Unit: \$8,967
Total Development: (as-is) \$2,690,000 Per Unit: \$8,967

SITE INFORMATION

Flood Zone: X Scattered Site? No
 Zoning: MF-2(A) Within 100-yr floodplain? No
 Re-Zoning Required? Yes Utilities at Site? Yes
 Year Constructed: N/A Title Issues? No

HIGHLIGHTS of ENVIRONMENTAL REPORTS

Provider: Phase Engineering Date: 6/12/2024

Recognized Environmental Conditions (RECs) and Other Concerns:

- A review of the National Wetlands Inventory map indicates mapped wetlands at the subject property. Indications of a stream with a flow of water were observed across the central portion of the subject property and were identified in the aerial photographs and topographic maps. An onsite wetlands determination assessment is recommended to determine if all characteristics for a wetland are present at the subject property.
- The calculated noise values fall within the range of 65-75 dB, and are considered "Normally Unacceptable" based on the HUD guidelines. The results of the assessment found the greatest contributor of noise to the subject property is South Walton Walker Boulevard, located just to the west. Noise mitigation will be required to establish a noise environment below 65 dB in proposed noise sensitive locations of the new development.

MARKET ANALYSIS

Provider: Apartment MarketData LLC Date: 2/5/2024

Primary Market Area (PMA): 34 sq. miles 3 mile equivalent radius

AFFORDABLE HOUSING INVENTORY

Competitive Supply (Proposed, Under Construction, and Unstabilized)

File #	Development	In PMA?	Type	Target Population	Comp Units	Total Units
21411	Gateway Oak Cliff	Y	New Construction	General	158	230

Other Affordable Developments in PMA since 2017

20120	Lennox House	Rehab	Elderly	N/A	39
20491	Ridgecrest Terrace Apartments	Rehab	General	N/A	250
20197	Villas at Western Heights	New Construction	Elderly	N/A	104

Stabilized Affordable Developments in PMA

Total Units	1,732
Total Developments	10
Average Occupancy	98.8%

OVERALL DEMAND ANALYSIS

		Market Analyst			
		HTC	Assisted		
Total Households in the Primary Market Area		33,826			
Senior Households in the Primary Market Area					
Potential Demand from the Primary Market Area		10,519			
10% External Demand		1,052			
Potential Demand from Other Sources					
GROSS DEMAND		11,571			
Subject Affordable Units		300			
Unstabilized Competitive Units		158			
RELEVANT SUPPLY		458			
Relevant Supply ÷ Gross Demand = GROSS CAPTURE RATE		4.0%			

Population:	General	Market Area:	Urban	Maximum Gross Capture Rate:	10%
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UNDERWRITING ANALYSIS of PMA DEMAND by AMGI BAND

AMGI Band	Market Analyst									
	Demand	10% Ext	Subject Units	Comp Units	AMGI Band Capture Rate					
50% AMGI	1,345	135	61	0	4.1%					
60% AMGI	8,005	801	178	158	3.8%					
70% AMGI	1,169	117	61	0	4.7%					

UNDERWRITING ANALYSIS of PMA DEMAND by UNIT TYPE

Unit Type	Market Analyst									
	Demand	10% Ext	Subject Units	Comp Units	Unit Capture Rate					
1 BR/50%	558	56	7	0	1.1%					
1 BR/60%	793	79	18	81	11.3%					
1 BR/70%	482	48	11	0	2.1%					
2 BR/50%	586	59	26	0	4.0%					
2 BR/60%	1,114	111	74	57	10.7%					
3 BR/50%	382	38	24	0	5.7%					
3 BR/60%	729	73	82	20	12.7%					
3 BR/70%	307	31	26	0	7.7%					
4 BR/50%	157	16	4	0	2.3%					
4 BR/60%	207	21	4	0	1.8%					
4 BR/70%	56	6	4	0	6.5%					

OPERATING PRO FORMA

SUMMARY- AS UNDERWRITTEN (Applicant's Pro Forma)

NOI:	\$3,508,169	Avg. Rent:	\$1,502	Expense Ratio:	31.2%
Debt Service:	\$3,023,201	B/E Rent:	\$1,356	Controllable Expenses:	\$3,485
Net Cash Flow:	\$484,968	UW Occupancy:	92.5%	Property Taxes/Unit:	\$0
Aggregate DCR:	1.16	B/E Occupancy:	83.7%	Program Rent Year:	2024

Underwriter and applicant assumed 2024 LIHTC rents and 2024 Home rents.

Proposed ownership structure facilitates a 100% tax exemption. The City of Dallas Housing Finance Corporation (or affiliate) will own the land and enter into a long-term ground lease with the Partnership. Application feasibility is dependent on this tax exemption as currently underwritten.

Without a full tax exemption, the application would be infeasible with a 0.92 DCR.

As underwritten, 15 year residual cash flow is \$8.2M after deferred developer fee is paid in Year 8.

DEVELOPMENT COST EVALUATION

SUMMARY- AS UNDERWRITTEN (Applicant's Costs)

Acquisition	\$162,117/ac	\$8,333/unit	\$2,500,000	Contractor Fee	\$7,169,493
Off-site + Site Work		\$21,750/unit	\$6,525,000	Soft Cost + Financing	\$17,776,707
Building Cost	\$156.84/sf	\$150,702/unit	\$45,210,667	Developer Fee	\$10,893,945
Contingency	5.64%	\$9,730/unit	\$2,919,008	Reserves	\$200,000
Total Development Cost	\$310,649/unit	\$93,194,820		Rehabilitation Cost	N/A

Qualified for 30% Basis Boost?

Located in OCT with > 20% HTC units/HH with local Resolution

Acquisition:

The Dallas Housing Finance Corporation will acquire fee title to the land and enter into a long-term ground lease with the applicant.

Building Cost:

Underwriter's cost is based on Marshall & Swift's "Good Quality" construction values adjusted for rising construction costs. Underwriter is within 5% of Applicant's projected costs and therefore, Applicant's projected development costs are used in the underwriting analysis.

Credit Allocation Supported by Costs:

Total Development Cost	Adjusted Eligible Cost	Credit Allocation Supported by Eligible Basis
\$93,194,820	\$83,520,244	\$4,343,053

UNDERWRITTEN CAPITALIZATION

BOND RESERVATION

Issuer	Amount	Reservation Date	Priority
TDHCA	\$50,000,000	1/6/2024	Carryforward/ Priority 3
Closing Deadline			
12/31/2026			

Percent of Cost Financed by Tax-Exempt Bonds 57.6%

INTERIM SOURCES

Funding Source	Description	Amount	Rate	LTC
NewPoint	Tax Exempt Constr to Perm	\$42,123,400	6.39%	48%
TDHCA MDL	MFDL - TCAP	\$10,000,000	2.00%	11%
NewPoint	Tax Exempt -Bridge (A-2)	\$7,856,600	6.39%	9%
NewPoint	Taxable Bridge (A-3)	\$11,914,000	6.39%	13%
Enterprise	HTC	\$16,648,119	\$0.85	19%
		\$88,542,119	Total Sources	

PERMANENT SOURCES

Debt Source	PROPOSED				UNDERWRITTEN				
	Amount	Interest Rate	Amort	Term	Amount	Interest Rate	Amort	Term	LTC
NewPoint	\$40,489,000	5.84%	40	17.0	\$40,489,000	5.84%	40	17.0	43%
TDHCA MDL	\$10,000,000	2.00%	40	17.0	\$10,000,000	2.00%	40	17.0	11%
Below Market Interest Rate Savings	\$750,000	0.00%	0	0.0	\$750,000	0.00%	0	0.0	1%
Total	\$51,239,000				\$51,239,000				

Comments:

Under the 2024-03 NOFA, the loan will be structured as a Construction to Permanent loan with a 2% interest rate and will be fully amortizing. No construction loan interest will be due on the MDL loan in the construction period. The Match requirement is met by New Point loaning \$750k to the Partnership at a below market interest rate of 5.84% (market assumed at 7.46%) for a interest savings of \$46,975 monthly. The interest savings on the below market interest rate for the permanent loan is sufficient to meet the Direct Loan Match requirement of 7.5%.

Equity & Deferred Fees	PROPOSED			UNDERWRITTEN			
	Amount	Rate	% Def	Amount	Rate	% TC	% Def
Enterprise	\$36,691,456	\$0.84		\$36,691,456	\$0.84	39%	
LDG Multifamily, LLC	\$6,014,365		55%	\$5,264,364		6%	48%
Total	\$42,705,821			\$41,955,820			
				\$93,194,820	Total Sources		

Credit Price Sensitivity based on current capital structure

\$0.966	Maximum Credit Price before the Development is oversourced and allocation is limited
\$0.715	Minimum Credit Price below which the Development would be characterized as infeasible

CONCLUSIONS

Gap Analysis:	
Total Development Cost	\$93,194,820
Permanent Sources (debt + non-HTC equity)	\$51,239,000
Gap in Permanent Financing	\$41,955,820

Possible Tax Credit Allocations:	Equity Proceeds	Annual Credits
Determined by Eligible Basis	\$36,691,458	\$4,343,053
Needed to Balance Sources & Uses	\$41,955,820	\$4,966,179
Requested by Applicant	\$36,691,456	\$4,343,053

	RECOMMENDATION	
	Equity Proceeds	Annual Credits
Tax Credit Allocation	\$36,691,456	\$4,343,053

Bonds	Amount
TDHCA	\$50,000,000

Deferred Developer Fee	\$5,264,364	(48% deferred)
Repayable in	8 years	

Recommendation:

Underwriter recommends Applicant's request for an annual allocation of \$4,343,053 in 4% Housing Tax Credits and \$50,000,000 in TDHCA issued bonds, in addition to approximately \$11,914,000 in TDHCA issued taxable bonds.

Furthermore, Underwriter recommends a second lien Multifamily Direct Loan in the amount of \$10,000,000 at a 2.00% interest rate for a 17 year term with payments based on a 40 year amortization. Under these terms, the annualized monthly debt service payment is \$363,391. The construction term is assumed at 36 months.

Underwriter:	<u>Georgia Simmons</u>
Manager of Real Estate Analysis:	<u>Gregg Kazak</u>
Director of Real Estate Analysis:	<u>Jeanna Adams</u>

UNIT MIX/RENT SCHEDULE

The Ridge at Loop 12, Dallas, 4% HTC/MDL #24607

LOCATION DATA	
CITY:	Dallas
COUNTY:	Dallas
Area Median Income	\$110,300
PROGRAM REGION:	3
PROGRAM RENT YEAR:	2024

UNIT DISTRIBUTION						
# Beds	# Units	% Total	MDL Match	MDL	ARP	HOME Match
Eff	-	0.0%	0	0	0	0
1	36	12.0%	1	6	0	8
2	117	39.0%	2	20	0	21
3	135	45.0%	2	24	0	19
4	12	4.0%	1	2	0	2
5	-	0.0%	0	0	0	0
TOTAL	300	100.0%	6	52	-	50

PRO FORMA ASSUMPTIONS	
Revenue Growth	2.00%
Expense Growth	3.00%
Basis Adjust	130%
Applicable Fraction	100.00%
APP % Acquisition	4.00%
APP % Construction	4.00%
Average Unit Size	961 sf

60%	Income	20%	30%	40%	50%	60%	70%	80%	EO / MR	TOTAL
Average	# Units	-	-	-	11	278	11	-	-	300
Income	% Total	0.0%	0.0%	0.0%	3.7%	92.7%	3.7%	0.0%	0.0%	100.0%

UNIT MIX / MONTHLY RENT SCHEDULE

HTC	MF Direct Loan Units (HOME Rent/Inc)		MFDL Match Units	HOME Match Units	UNIT MIX					APPLICABLE PROGRAM RENT			APPLICANT'S PRO FORMA RENTS				TDHCA PRO FORMA RENTS				MARKET RENTS			
	Type	Gross Rent			Type	Gross Rent	# Units	# Beds	# Baths	NRA	Gross Rent	Utility Allow	Max Net Program Rent	Delta to Max	Rent psf	Net Rent per Unit	Total Monthly Rent	Total Monthly Rent	Rent per Unit	Rent psf	Delta to Max	Underwritten	Mrkt Analyst	
TC 50%	\$1,035	LH/50%	\$1,035			1	1	1	650	\$1,035	\$60	\$975	\$0	\$1.50	\$975	\$975	\$975	\$975	\$975	\$1.50	\$0	\$1,617	\$2.49	\$1,617
TC 60%	\$1,242				8	28	1	1	650	\$1,242	\$60	\$1,182	\$0	\$1.82	\$1,182	\$33,096	\$33,096	\$1,182	\$1.82	\$0	\$1,617	\$2.49	\$1,617	
TC 60%	\$1,242	HH/60%	\$1,325			5	1	1	650	\$1,242	\$60	\$1,182	\$0	\$1.82	\$1,182	\$5,910	\$5,910	\$1,182	\$1.82	\$0	\$1,617	\$2.49	\$1,617	
TC 70%	\$1,449					1	1	1	650	\$1,449	\$60	\$1,389	\$0	\$2.14	\$1,389	\$1,389	\$1,389	\$1,389	\$2.14	\$0	\$1,617	\$2.49	\$1,617	
TC 60%	\$1,242			1		1	1	1	650	\$1,242	\$60	\$1,182	\$0	\$1.82	\$1,182	\$1,182	\$1,182	\$1,182	\$1.82	\$0	\$1,795	\$2.76	\$1,795	
TC 50%	\$1,241	LH/50%	\$1,241			2	2	2	850	\$1,241	\$76	\$1,165	\$0	\$1.37	\$1,165	\$2,330	\$2,330	\$1,165	\$1.37	\$0	\$1,795	\$2.11	\$1,795	
TC 60%	\$1,489				20	87	2	2	850	\$1,489	\$76	\$1,413	\$0	\$1.66	\$1,413	\$122,931	\$122,931	\$1,413	\$1.66	\$0	\$1,795	\$2.11	\$1,795	
TC 60%	\$1,489	HH/60%	\$1,592			15	2	2	850	\$1,489	\$76	\$1,413	\$0	\$1.66	\$1,413	\$21,195	\$21,195	\$1,413	\$1.66	\$0	\$1,795	\$2.11	\$1,795	
TC 70%	\$1,737					2	2	2	850	\$1,737	\$76	\$1,661	\$0	\$1.95	\$1,661	\$3,322	\$3,322	\$1,661	\$1.95	\$0	\$1,795	\$2.11	\$1,795	
TC 60%	\$1,489			2		2	2	2	850	\$1,489	\$76	\$1,413	\$0	\$1.66	\$1,413	\$2,826	\$2,826	\$1,413	\$1.66	\$0	\$1,795	\$2.11	\$1,795	
TC 50%	\$1,241	LH/50%	\$1,241			1	2	2	867	\$1,241	\$76	\$1,165	\$0	\$1.34	\$1,165	\$1,165	\$1,165	\$1,165	\$1.34	\$0	\$1,795	\$2.07	\$1,795	
TC 60%	\$1,489				1	3	2	2	867	\$1,489	\$76	\$1,413	\$0	\$1.63	\$1,413	\$4,239	\$4,239	\$1,413	\$1.63	\$0	\$1,795	\$2.07	\$1,795	
TC 60%	\$1,489	HH/60%	\$1,592			1	2	2	867	\$1,489	\$76	\$1,413	\$0	\$1.63	\$1,413	\$1,413	\$1,413	\$1,413	\$1.63	\$0	\$1,795	\$2.07	\$1,795	
TC 70%	\$1,737					1	2	2	867	\$1,737	\$76	\$1,661	\$0	\$1.92	\$1,661	\$1,661	\$1,661	\$1,661	\$1.92	\$0	\$1,795	\$2.07	\$1,795	
TC 50%	\$1,241	LH/50%	\$1,241			1	2	2	962	\$1,241	\$76	\$1,165	\$0	\$1.21	\$1,165	\$1,165	\$1,165	\$1,165	\$1.21	\$0	\$1,795	\$1.87	\$1,795	
TC 60%	\$1,489					1	2	2	962	\$1,489	\$76	\$1,413	\$0	\$1.47	\$1,413	\$1,413	\$1,413	\$1,413	\$1.47	\$0	\$1,795	\$1.87	\$1,795	
TC 70%	\$1,737					1	2	2	962	\$1,737	\$76	\$1,661	\$0	\$1.73	\$1,661	\$1,661	\$1,661	\$1,661	\$1.73	\$0	\$1,795	\$1.87	\$1,795	
TC 50%	\$1,434	LH/50%	\$1,434			3	3	2	1,064	\$1,434	\$85	\$1,349	\$0	\$1.27	\$1,349	\$4,047	\$4,047	\$1,349	\$1.27	\$0	\$2,012	\$1.89	\$2,012	
TC 60%	\$1,721				13	70	3	2	1,064	\$1,721	\$85	\$1,636	\$0	\$1.54	\$1,636	\$114,520	\$114,520	\$1,636	\$1.54	\$0	\$2,012	\$1.89	\$2,012	
TC 60%	\$1,721	HH/60%	\$1,830			13	3	2	1,064	\$1,721	\$85	\$1,636	\$0	\$1.54	\$1,636	\$21,268	\$21,268	\$1,636	\$1.54	\$0	\$2,012	\$1.89	\$2,012	
TC 70%	\$2,008					3	3	2	1,064	\$2,008	\$85	\$1,923	\$0	\$1.81	\$1,923	\$5,769	\$5,769	\$1,923	\$1.81	\$0	\$2,012	\$1.89	\$2,012	
TC 60%	\$1,721			1		1	3	2	1,064	\$1,721	\$85	\$1,636	\$0	\$1.54	\$1,636	\$1,636	\$1,636	\$1,636	\$1.54	\$0	\$2,012	\$1.89	\$2,012	
TC 50%	\$1,434	LH/50%	\$1,434			1	3	2	1,163	\$1,434	\$85	\$1,349	\$0	\$1.16	\$1,349	\$1,349	\$1,349	\$1,349	\$1.16	\$0	\$2,012	\$1.73	\$2,012	
TC 60%	\$1,721				6	33	3	2	1,163	\$1,721	\$85	\$1,636	\$0	\$1.41	\$1,636	\$53,988	\$53,988	\$1,636	\$1.41	\$0	\$2,012	\$1.73	\$2,012	
TC 60%	\$1,721	HH/60%	\$1,830			6	3	2	1,163	\$1,721	\$85	\$1,636	\$0	\$1.41	\$1,636	\$9,816	\$9,816	\$1,636	\$1.41	\$0	\$2,012	\$1.73	\$2,012	
TC 70%	\$2,008					1	3	2	1,163	\$2,008	\$85	\$1,923	\$0	\$1.65	\$1,923	\$1,923	\$1,923	\$1,923	\$1.65	\$0	\$2,012	\$1.73	\$2,012	
TC 60%	\$1,721			1		1	3	2	1,163	\$1,721	\$85	\$1,636	\$0	\$1.41	\$1,636	\$1,636	\$1,636	\$1,636	\$1.41	\$0	\$2,012	\$1.73	\$2,012	
TC 50%	\$1,434	LH/50%	\$1,434			1	3	2	1,230	\$1,434	\$85	\$1,349	\$0	\$1.10	\$1,349	\$1,349	\$1,349	\$1,349	\$1.10	\$0	\$2,012	\$1.64	\$2,012	
TC 60%	\$1,721					1	3	2	1,230	\$1,721	\$85	\$1,636	\$0	\$1.33	\$1,636	\$1,636	\$1,636	\$1,636	\$1.33	\$0	\$2,012	\$1.64	\$2,012	
TC 70%	\$2,008					1	3	2	1,230	\$2,008	\$85	\$1,923	\$0	\$1.56	\$1,923	\$1,923	\$1,923	\$1,923	\$1.56	\$0	\$2,012	\$1.64	\$2,012	
TC 50%	\$1,600	LH/50%	\$1,600			1	4	2	1,389	\$1,600	\$102	\$1,498	\$0	\$1.08	\$1,498	\$1,498	\$1,498	\$1,498	\$1.08	\$0	\$2,251	\$1.62	\$2,251	
TC 60%	\$1,920				2	8	4	2	1,389	\$1,920	\$102	\$1,818	\$0	\$1.31	\$1,818	\$14,544	\$14,544	\$1,818	\$1.31	\$0	\$2,251	\$1.62	\$2,251	
TC 60%	\$1,920	HH/60%	\$2,023			1	4	2	1,389	\$1,920	\$102	\$1,818	\$0	\$1.31	\$1,818	\$1,818	\$1,818	\$1,818	\$1.31	\$0	\$2,251	\$1.62	\$2,251	
TC 70%	\$2,240					1	4	2	1,389	\$2,240	\$102	\$2,138	\$0	\$1.54	\$2,138	\$2,138	\$2,138	\$2,138	\$1.54	\$0	\$2,251	\$1.62	\$2,251	
TC 60%	\$1,920			1		1	4	2	1,389	\$1,920	\$102	\$1,818	\$0	\$1.31	\$1,818	\$1,818	\$1,818	\$1,818	\$1.31	\$0	\$2,251	\$1.62	\$2,251	
TOTALS/AVERAGES:					300				288,252				\$0	\$1.56	\$1,502	\$450,549	\$450,549	\$1,502	\$1.56	\$0	\$1,890	\$1.97	\$1,890	

ANNUAL POTENTIAL GROSS RENT:

\$5,406,588 | \$5,406,588

*MFDL units float among Unit Types

STABILIZED PRO FORMA

The Ridge at Loop 12, Dallas, 4% HTC/MDL #24607

STABILIZED FIRST YEAR PRO FORMA

	COMPARABLES		APPLICANT				TDHCA				VARIANCE	
	Database	Other	% EGI	Per SF	Per Unit	Amount	Amount	Per Unit	Per SF	% EGI	%	\$
	POTENTIAL GROSS RENT				\$1.56	\$1,502	\$5,406,588	\$5,406,588	\$1,502	\$1.56		0.0%
Late, Pet, and Application Fees					\$30.00	\$108,000						
Total Secondary Income					\$30.00		\$108,000	\$30.00			0.0%	\$0
POTENTIAL GROSS INCOME						\$5,514,588	\$5,514,588				0.0%	\$0
Vacancy & Collection Loss					7.5% PGI	(413,594)	(413,594)	7.5% PGI			0.0%	-
EFFECTIVE GROSS INCOME						\$5,100,994	\$5,100,994				0.0%	\$0

General & Administrative	\$151,063	\$504/Unit	\$126,752	\$423	2.85%	\$0.50	\$485	\$145,500	\$151,063	\$504	\$0.52	2.96%	-3.7%	(5,563)
Management	\$142,057	3.3% EGI	\$111,670	\$372	2.50%	\$0.44	\$425	\$127,525	\$255,050	\$850	\$0.88	5.00%	-50.0%	(127,525)
Payroll & Payroll Tax	\$397,240	\$1,324/Unit	\$492,182	\$1,641	8.23%	\$1.46	\$1,400	\$420,000	\$397,240	\$1,324	\$1.38	7.79%	5.7%	22,760
Repairs & Maintenance	\$204,614	\$682/Unit	\$243,854	\$813	4.70%	\$0.83	\$800	\$240,000	\$195,000	\$650	\$0.68	3.82%	23.1%	45,000
Electric/Gas	\$89,446	\$298/Unit	\$81,924	\$273	2.14%	\$0.38	\$363	\$109,000	\$89,446	\$298	\$0.31	1.75%	21.9%	19,554
Water, Sewer, & Trash	\$233,933	\$780/Unit	\$235,945	\$786	2.57%	\$0.45	\$437	\$131,000	\$233,933	\$780	\$0.81	4.59%	-44.0%	(102,933)
Property Insurance	\$166,999	\$0.58 /sf	\$100,880	\$336	4.62%	\$0.82	\$786	\$235,800	\$166,999	\$557	\$0.58	3.27%	41.2%	68,801
Property Tax (@ 0%) 2.2948	\$338,387	\$1,128/Unit	\$507,267	\$1,691	0.00%	\$0.00	\$0	\$0	\$0	\$0	\$0.00	0.00%	0.0%	-
Reserve for Replacements					1.47%	\$0.26	\$250	\$75,000	\$75,000	\$250	\$0.26	1.47%	0.0%	-
Cable TV					0.00%	\$0.00	\$0	\$0	\$0	\$0	\$0.00	0.00%	0.0%	-
Supportive Services					0.78%	\$0.14	\$133	\$40,000	\$40,000	\$133	\$0.14	0.78%	0.0%	-
TDHCA Compliance fees (\$40/HTC unit)					0.24%	\$0.04	\$40	\$12,000	\$12,000	\$40	\$0.04	0.24%	0.0%	-
TDHCA MDL Compliance (\$34/MDL unit)					0.00%	\$0.00	\$0	\$0	\$0	\$0	\$0.00	0.00%	0.0%	-
TDHCA Bond Compliance Fee					0.15%	\$0.03	\$25	\$7,500	\$0	\$0	\$0.00	0.00%	0.0%	7,500
Bond Trustee Fees					0.09%	\$0.02	\$15	\$4,500	\$4,500	\$15	\$0.02	0.09%	0.0%	-
Security					0.88%	\$0.16	\$150	\$45,000	\$45,000	\$150	\$0.16	0.88%	0.0%	-
TOTAL EXPENSES					31.23%	\$5.53	\$5,309	\$1,592,825	\$1,665,231	\$5,551	\$5.78	32.65%	-4.3%	\$ (72,406)
NET OPERATING INCOME ("NOI")					68.77%	\$12.17	\$11,694	\$3,508,169	\$3,435,763	\$11,453	\$11.92	67.35%	2.1%	\$ 72,406

CONTROLLABLE EXPENSES							\$3,485/Unit							\$3,556/Unit
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CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

The Ridge at Loop 12, Dallas, 4% HTC/MDL #24607

DEBT / GRANT SOURCES

		APPLICANT'S PROPOSED DEBT/GRANT STRUCTURE							AS UNDERWRITTEN DEBT/GRANT STRUCTURE						
DEBT (Must Pay)	Fee	Cumulative DCR		Pmt	Rate	Amort	Term	Principal	Principal	Term	Amort	Rate	Pmt	Cumulative	
		UW	App											DCR	LTC
NewPoint	0.10%	1.29	1.31	2,669,304	5.84%	40	17.0	\$40,489,000	\$40,489,000	17.0	40.0	5.84%	\$2,659,810	1.32	43.4%
TDHCA MDL		1.29	1.31		2.00%	40	17.0	\$10,000,000	\$10,000,000	17.0	40.0	2.00%	\$363,391	1.16	10.7%
CASH FLOW DEBT / GRANTS															
Below Market Interest Rate Savings		1.29	1.31		0.00%	0	0.0	\$750,000	\$750,000	0.0	0.0	0.00%		1.16	0.8%
				\$2,669,304	TOTAL DEBT / GRANT SOURCES			\$51,239,000	\$51,239,000	TOTAL DEBT SERVICE			\$3,023,201	1.16	55.0%
NET CASH FLOW		\$766,459	\$838,865			APPLICANT		NET OPERATING INCOME		\$3,508,169	\$484,968	NET CASH FLOW			

EQUITY SOURCES

		APPLICANT'S PROPOSED EQUITY STRUCTURE					AS UNDERWRITTEN EQUITY STRUCTURE				
EQUITY / DEFERRED FEES	DESCRIPTION	% Cost	Annual Credit	Credit Price	Amount	Amount	Credit Price	Annual Credit	% Cost	Annual Credits per Unit	Allocation Method
LDG Multifamily, LLC	Deferred Developer Fees	6.5%	(55% Deferred)		\$6,014,365	\$5,264,364	(48% Deferred)		5.6%		Total Developer Fee: \$10,893,945
Additional (Excess) Funds Req'd		0.0%			\$0	\$0			0.0%		
TOTAL EQUITY SOURCES		45.8%			\$42,705,821	\$41,955,820			45.0%		
TOTAL CAPITALIZATION						\$93,944,821	\$93,194,820			15-Yr Cash Flow after Deferred Fee:	\$8,178,997

DEVELOPMENT COST / ITEMIZED BASIS

		APPLICANT COST / BASIS ITEMS				TDHCA COST / BASIS ITEMS				COST VARIANCE	
	Acquisition	New Const. Rehab	Total Costs		Total Costs		Eligible Basis		%	\$	
							New Const. Rehab	Acquisition			
Land Acquisition			\$8,333 / Unit	\$2,500,000	\$2,500,000	\$8,333 / Unit			0.0%	\$0	
Building Acquisition	\$0		\$ / Unit	\$0	\$0	\$ / Unit		\$0	0.0%	\$0	
Off-Sites		\$0	\$ / Unit	\$0	\$0	\$ / Unit	\$0		0.0%	\$0	
Site Work		\$6,000,000	\$20,000 / Unit	\$6,000,000	\$6,000,000	\$20,000 / Unit	\$6,000,000		0.0%	\$0	
Site Amenities		\$525,000	\$1,750 / Unit	\$525,000	\$525,000	\$1,750 / Unit	\$525,000		0.0%	\$0	
Building Cost		\$44,395,000	\$156.84 /sf	\$150,702/Unit	\$45,210,667	\$41,424,619	\$138,082/Unit	\$143.71 /sf	\$41,424,619	9.1%	\$3,786,048
Contingency		\$2,919,008	5.73%	5.64%	\$2,919,008	\$2,919,008	6.09%	6.09%	\$2,919,008	0.0%	\$0
Contractor Fees		\$7,169,493	13.32%	13.12%	\$7,169,493	\$7,121,608	14.00%	14.00%	\$7,121,608	0.7%	\$47,885
Soft Costs	\$0	\$4,758,950	\$18,423 / Unit	\$5,526,950	\$5,526,950	\$18,423 / Unit	\$4,758,950	\$0	0.0%	\$0	
Financing	\$0	\$6,858,848	\$40,833 / Unit	\$12,249,757	\$12,249,757	\$40,833 / Unit	\$6,858,848	\$0	0.0%	\$0	
Developer Fee	\$0	\$10,893,945	15.00%	14.83%	\$10,893,945	\$10,441,205	15.00%	15.00%	\$10,441,205	4.3%	\$452,740
Reserves			1 Months	\$200,000	\$200,000	1 Months			0.0%	\$0	
TOTAL HOUSING DEVELOPMENT COST (UNADJUSTED BASIS)		\$0	\$83,520,244	\$310,649 / Unit	\$93,194,820	\$88,908,147	\$296,360 / Unit	\$80,049,238	\$0	4.8%	\$4,286,673
Acquisition Cost	\$0			\$0							
Contingency		\$0		\$0							
Contractor's Fee		\$0		\$0							
Financing Cost		\$0		\$0							
Developer Fee	\$0	(\$0)	15.00%	\$0							
Reserves				\$0							
ADJUSTED BASIS / COST		\$0	\$83,520,244	\$310,649/unit	\$93,194,820	\$88,908,147	\$296,360/unit	\$80,049,238	\$0	4.8%	\$4,286,673
TOTAL HOUSING DEVELOPMENT COSTS (Applicant's Uses are within 5% of TDHCA Estimate):					\$93,194,820						

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

The Ridge at Loop 12, Dallas, 4% HTC/MDL #24607

CREDIT CALCULATION ON QUALIFIED BASIS				
	Applicant		TDHCA	
	Acquisition	Construction Rehabilitation	Acquisition	Construction
ADJUSTED BASIS	\$0	\$83,520,244	\$0	\$80,049,238
Deduction of Federal Grants	\$0	\$0	\$0	\$0
TOTAL ELIGIBLE BASIS	\$0	\$83,520,244	\$0	\$80,049,238
High Cost Area Adjustment		130%		130%
TOTAL ADJUSTED BASIS	\$0	\$108,576,317	\$0	\$104,064,010
Applicable Fraction	100.00%	100.00%	100%	100%
TOTAL QUALIFIED BASIS	\$0	\$108,576,317	\$0	\$104,064,010
Applicable Percentage	4.00%	4.00%	4.00%	4.00%
ANNUAL CREDIT ON BASIS	\$0	\$4,343,053	\$0	\$4,162,560
CREDITS ON QUALIFIED BASIS	\$4,343,053		\$4,162,560	

Method	ANNUAL CREDIT CALCULATION BASED ON APPLICANT BASIS		FINAL ANNUAL LIHTC ALLOCATION		
	Annual Credits	Proceeds	Credit Price \$0.8448	Variance to Request	
			Credit Allocation	Credits	Proceeds
Eligible Basis	\$4,343,053	\$36,691,458	----	----	----
Needed to Fill Gap	\$4,966,179	\$41,955,820	----	----	----
Applicant Request	\$4,343,053	\$36,691,456	\$4,343,053	\$0	\$0

50% Test for Bond Financing for 4% Tax Credits			
	Applicant	TDHCA	
ax-Exempt Bond Amount	\$ 50,000,000		
Land Cost	\$ 2,500,000	\$2,500,000	\$2,500,000
Depreciable Bldg Cost **	\$ 84,335,911	\$84,335,911	\$80,049,238
Aggregate Basis for 50% Test	\$ 86,835,911	\$86,835,911	\$82,549,238
Percent Financed by Tax-Exempt Bonds	57.58%	57.58%	60.57%

**Depreciable building cost includes: Total construction contract, total building acquisition, total developer fee, plus eligible financing and soft costs.

BUILDING COST ESTIMATE				
CATEGORY	FACTOR	UNITS/SF	PER SF	
Base Cost:	Garden (Up to 4-story)	288,252 SF	\$116.90	33,697,232
Adjustments				
Exterior Wall Finish	5.20%		6.08	\$1,752,256
Elderly	0.00%		0.00	0
9-Ft. Ceilings	3.65%		4.27	1,229,949
Roof Adjustment(s)			(0.25)	(72,063)
Subfloor			(0.21)	(61,494)
Floor Cover			11.06	3,187,058
Breezeways	\$44.26	39,042	5.99	1,727,999
Balconies	\$44.26	20,748	3.19	918,306
Plumbing Fixtures	\$2,130	792	5.85	1,686,960
Rough-ins	\$790	600	1.64	474,000
Built-In Appliances	\$3,675	300	3.82	1,102,500
Exterior Stairs	\$5,200	32	0.58	166,400
Heating/Cooling			3.12	899,346
Storage Space	\$44.26	0	0.00	0
Carports	\$16.05	0	0.00	0
Garages	\$30.00	3,840	0.40	115,200
Common/Support Area	\$134.53	4,358	2.03	586,266
Elevators		0	0.00	0
Other:			0.00	0
Fire Sprinklers	\$3.65	331,652	4.20	1,210,530
SUBTOTAL			168.67	48,620,445
Current Cost Multiplier	1.00		0.00	0
Local Multiplier	1.00		0.00	0
Reserved				0
TOTAL BUILDING COSTS			168.67	\$48,620,445
Plans, specs, survey, bldg permits	3.30%		(5.57)	(\$1,604,475)
Contractor's OH & Profit	11.50%		(19.40)	(5,591,351)
NET BUILDING COSTS		\$138,082/unit	\$143.71/sf	\$41,424,619

Long-Term Pro Forma

The Ridge at Loop 12, Dallas, 4% HTC/MDL #24607

	Growth Rate	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15	Year 20	Year 25	Year 30	Year 35	Year 40
EFFECTIVE GROSS INCOME	2.00%	\$5,100,994	\$5,203,014	\$5,307,074	\$5,413,216	\$5,521,480	\$6,096,160	\$6,730,653	\$7,431,185	\$8,204,629	\$9,058,573	\$10,001,396	\$11,042,350
TOTAL EXPENSES	3.00%	\$1,592,825	\$1,639,335	\$1,687,214	\$1,736,503	\$1,787,245	\$2,064,288	\$2,384,664	\$2,755,192	\$3,183,769	\$3,679,540	\$4,253,096	\$4,916,704
NET OPERATING INCOME ("NOI")		\$3,508,169	\$3,563,679	\$3,619,860	\$3,676,712	\$3,734,235	\$4,031,872	\$4,345,989	\$4,675,993	\$5,020,859	\$5,379,033	\$5,748,300	\$6,125,646
EXPENSE/INCOME RATIO		31.2%	31.5%	31.8%	32.1%	32.4%	33.9%	35.4%	37.1%	38.8%	40.6%	42.5%	44.5%
MUST -PAY DEBT SERVICE													
NewPoint		\$2,659,810	\$2,659,549	\$2,659,271	\$2,658,977	\$2,658,665	\$2,656,803	\$2,654,311	\$2,650,976	\$2,646,514	\$2,640,543	\$2,632,552	\$2,621,860
TDHCA MDL		\$363,391	\$363,391	\$363,391	\$363,391	\$363,391	\$363,391	\$363,391	\$363,391	\$363,391	\$363,391	\$363,391	\$363,391
TOTAL DEBT SERVICE		\$3,023,201	\$3,022,939	\$3,022,662	\$3,022,368	\$3,022,056	\$3,020,194	\$3,017,702	\$3,014,367	\$3,009,905	\$3,003,934	\$2,995,943	\$2,985,250
DEBT COVERAGE RATIO		1.16	1.18	1.20	1.22	1.24	1.33	1.44	1.55	1.67	1.79	1.92	2.05
ANNUAL CASH FLOW		\$484,968	\$540,740	\$597,198	\$654,344	\$712,178	\$1,011,678	\$1,328,287	\$1,661,625	\$2,010,955	\$2,375,099	\$2,752,357	\$3,140,396
Deferred Developer Fee Balance		\$4,779,396	\$4,238,656	\$3,641,458	\$2,987,114	\$2,274,935	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CUMULATIVE NET CASH FLOW		\$0	\$0	\$0	\$0	\$0	\$2,177,573	\$8,178,997	\$15,813,874	\$25,163,792	\$36,305,371	\$49,307,813	\$64,229,960

RESOLUTION NO. 25-013

RESOLUTION AUTHORIZING AND APPROVING THE ISSUANCE, SALE AND DELIVERY OF TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS MULTIFAMILY HOUSING REVENUE BONDS (THE RIDGE AT LOOP 12) SERIES 2025A-1, SERIES 2025A-2 AND TAXABLE SERIES 2025B; APPROVING THE FORM AND SUBSTANCE AND AUTHORIZING THE EXECUTION AND DELIVERY OF DOCUMENTS AND INSTRUMENTS PERTAINING THERETO; AUTHORIZING AND RATIFYING OTHER ACTIONS AND DOCUMENTS; AND CONTAINING OTHER PROVISIONS RELATING TO THE SUBJECT

WHEREAS, the Texas Department of Housing and Community Affairs (the “Department”) has been duly created and organized pursuant to and in accordance with the provisions of Chapter 2306, Texas Government Code, as amended (the “Act”), for the purpose, among others, of providing a means of financing the costs of residential ownership, development, construction and rehabilitation that will provide decent, safe, and affordable living environments for individuals and families of low, very low and extremely low income (as defined in the Act) and families of moderate income (as described in the Act and determined by the Governing Board of the Department (the “Board”) from time to time); and

WHEREAS, the Act authorizes the Department: (a) to make mortgage loans to housing sponsors to provide financing for multifamily residential rental housing in the State of Texas (the “State”) intended to be occupied by individuals and families of low, very low and extremely low income and families of moderate income, as determined by the Department; (b) to issue its revenue bonds (including notes), for the purpose, among others, of obtaining funds to make such loans and provide financing, to establish necessary reserve funds and to pay administrative and other costs incurred in connection with the issuance of such bonds or notes; and (c) to pledge all or any part of the revenues, receipts or resources of the Department, including the revenues and receipts to be received by the Department from such multifamily residential rental development loans, and to mortgage, pledge or grant security interests in such loans or other property of the Department in order to secure the payment of the principal or redemption price of and interest on such bonds or notes; and

WHEREAS, the Board, by resolution adopted on March 9, 2023, declared its intent to issue its revenue bonds or notes to provide financing for the cost of acquisition, construction and equipping of the qualified residential rental development described in Exhibit A attached hereto (the “Development”) located within the State and required by the Act to be occupied by individuals and families of low, very low and extremely low income and families of moderate income, as determined by the Department; and

WHEREAS, at the request of LDG The Ridge at Loop 12, LP, a Texas limited partnership (the “Borrower”), the Department has received a reservation of private activity bond allocation from the State of Texas; and

WHEREAS, the Board has determined to authorize the issuance of its Multifamily Housing Revenue Bonds (The Ridge at Loop 12) Series 2025A-1 (the “2025A-1 Bonds”), Multifamily Housing Revenue Bonds (The Ridge at Loop 12) Series 2025A-2 (the “2025A-2 Bonds”, and together with the 2025A-1 Bonds, the “Tax-Exempt Bonds”) and Multifamily Housing Revenue Bonds (The Ridge at Loop 12) Taxable Series 2025B (the “2025B Bonds”, and together with the Tax-Exempt Bonds, the “Bonds”) pursuant to and in accordance with the terms of a Indenture of Trust (the “Indenture”) between the Department and BOKF, NA, as trustee (the “Trustee”), for the purpose of providing funds in connection with the financing of the Development, all under and in accordance with the Constitution and laws of the State; and

WHEREAS, the Department desires to use the proceeds of the Bonds to fund a mortgage loan to the Borrower in connection with the cost of acquisition, construction and equipping of the Development; and

WHEREAS, it is anticipated that the Department and the Borrower will execute and deliver a Loan Agreement (the “Loan Agreement”) pursuant to which (i) the Department will agree to make a mortgage loan funded with the proceeds of the Bonds (the “Loan”) to the Borrower to enable the Borrower to finance the acquisition, construction and equipping of the Development and related costs, and (ii) the Borrower will execute and deliver to the Department a (i) Promissory Note with respect to the 2025A-1 Bonds (the “Series A-1 Note”) in an original principal amount equal to the original aggregate principal amount of the 2025A-1 Bonds, (ii) Promissory Note with respect to the 2025A-2 Bonds (the “Series A-2 Note”) in an original principal amount equal to the original aggregate principal amount of the 2025A-2 Bonds, and (iii) Promissory Note with respect to the 2025B Bonds (the “Series B Note,” and together with the Series A-1 Note and the Series A-2 Note, the “Borrower Note”) in an original principal amount equal to the original aggregate principal amount of the 2025B Bonds, and providing for payment of interest on such principal amount equal to the interest on the Bonds and to pay other costs described in the Loan Agreement; and

WHEREAS, it is anticipated that the Borrower Note and the obligations of the Borrower under the Loan Agreement will be secured by a Multifamily Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing (the “Security Instrument”) from the Borrower for the benefit of the Department; and

WHEREAS, the Department’s rights (except for certain unassigned rights) under the Loan Agreement, the Borrower Note and the Security Instrument will be assigned to the Trustee pursuant to an Assignment of Mortgage Documents (the “Assignment”) from the Department to the Trustee; and

WHEREAS, with respect to the Bonds, the Board has determined that the Department, the Trustee, City of Dallas Housing Finance Corporation (or a wholly-owned affiliate thereof), as fee owner (the “Fee Owner”) and the Borrower will execute a Regulatory and Land Use Restriction Agreement (the “Regulatory Agreement”) with respect to the Development, which will be filed of record in the real property records of Dallas County, Texas; and

WHEREAS, in order to assure compliance with Sections 103 and 141 through 150 of the Internal Revenue Code of 1986, as amended, the Board has determined that the Department, the Trustee and the Borrower will execute a Tax Exemption Certificate and Agreement (the "Tax Exemption Agreement"), in connection with the Tax-Exempt Bonds, pursuant to which the Department and the Borrower will make certifications, representations and covenants relating to the treatment of the interest on the Tax-Exempt Bonds as exempt from gross income for federal income tax purposes; and

WHEREAS, the Board has further determined that the Department will enter into a Bond Placement Agreement (the "Placement Agreement") with NewPoint Impact Fund I, LP ("NewPoint"), or another purchaser selected by NewPoint (in any event, the "Purchaser"), NewPoint Real Estate Capital Securities LLC, as placement agent, and the Borrower, setting forth certain terms and conditions upon which the Purchaser will purchase the Bonds from the Department and the Department will sell the Bonds to the Purchaser; and

WHEREAS, capitalized terms used herein and not otherwise defined shall have the meanings ascribed to such terms in the Indenture; and

WHEREAS, the Board has examined proposed forms of (a) the Indenture, the Loan Agreement, the Regulatory Agreement, the Assignment, the Placement Agreement and the Tax Exemption Agreement (collectively, the "Bond Documents") and (b) the Security Instrument and the Borrower Note, all of which are attached to and comprise a part of this Resolution; has found the form and substance of such documents to be satisfactory and proper and the recitals contained therein to be true, correct and complete; and has determined, subject to the conditions set forth in Article 1, to authorize the issuance of the Bonds, the execution and delivery of the Bond Documents, the acceptance of the Security Instrument and the Borrower Note and the taking of such other actions as may be necessary or convenient in connection therewith;

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BOARD OF THE TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS:

ARTICLE 1

ISSUANCE OF BONDS; APPROVAL OF DOCUMENTS

Section 1.1 Issuance, Execution and Delivery of the Bonds. That the issuance of the Bonds is hereby authorized pursuant to the Act, including particularly Section 2306.353 thereof, all under and in accordance with the conditions set forth herein and in the Indenture, and that, upon execution and delivery of the Indenture, the Authorized Representatives of the Department named in this Resolution are each hereby authorized to execute, attest and affix the Department's seal to the Bonds and to deliver the Bonds to the Attorney General of the State (the "Attorney General") for approval, the Comptroller of Public Accounts of the State for registration and the Trustee for authentication (to the extent required in the Indenture), and thereafter to deliver the Bonds to or upon the order of the Purchaser.

Section 1.2 Interest Rate, Principal Amount, Maturity and Price of Bonds.

(a) That (i) the 2025A-1 Bonds shall bear interest at a fixed rate per annum, which rate shall be determined at least five (5) business days prior to the delivery of the Bonds, and shall be equal to the sum of (A) 2.90%, and (B) the 15-year BVAL Municipal Index (non-callable) published by Bloomberg on the date of determination, subject to adjustment as described in the Indenture; provided that in no event shall the interest rate on the 2025A-1 Bonds (including any default interest rate) exceed the maximum interest rate permitted by applicable law; (ii) the aggregate principal amount of the Bonds shall be the “Series A-1 Loan Amount” specified on Exhibit B hereto that corresponds to the applicable “All-In Rate” for the 2024 A-1 Bonds as determined in accordance with subsection (a)(i) above; (iii) the final maturity of the 2025A-1 Bonds shall occur on the first day of the month in which the 40th anniversary of the date of delivery of the 2025A-1 Bonds occurs; and (iv) the price at which the 2025A-1 Bonds are sold to the Purchaser shall be the principal amount thereof.

(b) That (i) the 2025A-2 Bonds shall bear interest at a fixed rate per annum, which rate shall be determined at least five (5) business days prior to the delivery of the Bonds, and shall be equal to the sum of (A) 3.45%, and (B) the 15-year BVAL Municipal Index (non-callable) published by Bloomberg on the date of determination, subject to adjustment as described in the Indenture; provided that in no event shall the interest rate on the 2025A-2 Bonds (including any default interest rate) exceed the maximum interest rate permitted by applicable law; (ii) the aggregate principal amount of the Bonds shall be the “Series A-2 Loan Amount” specified on Exhibit B hereto that corresponds to the applicable “All-In Rate” for the 2024 A-1 Bonds as determined in accordance with subsection (a)(i) above; (iii) the final maturity of the 2025A-2 Bonds shall occur on the first day of the 46th month following the date of delivery of the 2025A-2 Bonds; and (iv) the price at which the 2025A-2 Bonds are sold to the Purchaser shall be the principal amount thereof.

(c) That (i) the 2025B Bonds shall bear interest at a fixed rate per annum, which rate shall be determined at least five (5) business days prior to the delivery of the Bonds, and shall be equal to the sum of (A) 3.45%, and (B) the 2 year U.S. Treasury Note, subject to adjustment as described in the Indenture; provided that in no event shall the interest rate on the 2025B Bonds (including any default interest rate) exceed the maximum interest rate permitted by applicable law; (ii) the aggregate principal amount of the Bonds shall be the “Series B Loan Amount” specified on Exhibit B hereto that corresponds to the applicable “All-In Rate” for the 2024 A-1 Bonds as determined in accordance with subsection (a)(i) above; (iii) the final maturity of the 2025B Bonds shall occur on the first day of the 46th month following the date of delivery of the 2025B Bonds; and (iv) the price at which the 2025B Bonds are sold to the Purchaser shall be the principal amount thereof.

Section 1.3 Approval, Execution and Delivery of the Indenture. That the form and substance of the Indenture are hereby approved, and that the Authorized Representatives are each hereby authorized to execute the Indenture, and to deliver the Indenture to the parties thereto.

Section 1.4 Approval, Execution and Delivery of the Loan Agreement. That the form and substance of the Loan Agreement are hereby approved, and that the Authorized Representatives each are hereby authorized to execute the Loan Agreement, and to deliver the Loan Agreement to the Borrower.

Section 1.5 Approval, Execution and Delivery of the Regulatory Agreement. That the form and substance of the Regulatory Agreement are hereby approved, and that the Authorized Representatives each are hereby authorized to execute the Regulatory Agreement, and to deliver the Regulatory Agreement to the parties thereto and to cause the Regulatory Agreement to be filed of record in the real property records of Dallas County, Texas.

Section 1.6 Approval, Execution and Delivery of the Tax Exemption Agreement. That the form and substance of the Tax Exemption Agreement are hereby approved, and that the Authorized Representatives each are hereby authorized to execute the Tax Exemption Agreement, and to deliver the Tax Exemption Agreement to the parties thereto.

Section 1.7 Approval, Execution and Delivery of the Placement Agreement. That the sale of the Bonds to the Purchaser and/or any other parties pursuant to the Placement Agreement is hereby approved, that the form and substance of the Placement Agreement are hereby approved, and that the Authorized Representatives each are hereby authorized to execute the Placement Agreement and to deliver the Placement Agreement to the parties thereto.

Section 1.8 Reserved.

Section 1.9 Reserved.

Section 1.10 Acceptance of the Borrower Note and the Security Instrument. That the form and substance of the Borrower Note and the Security Instrument are hereby accepted by the Department and that the Authorized Representatives each are hereby authorized to endorse and deliver the Borrower Note to the order of the Trustee without recourse.

Section 1.11 Approval, Execution and Delivery of the Assignment. That the form and substance of the Assignment are hereby approved, and that the Authorized Representatives each are hereby authorized to execute the Assignment, and to deliver the Assignment to the Trustee.

Section 1.12 Reserved.

Section 1.13 Taking of Any Action; Execution and Delivery of Other Documents. That the Authorized Representatives are each hereby authorized to take any actions and to execute, attest and affix the Department's seal to, and to deliver to the appropriate parties, all such other agreements, commitments, assignments, bonds, certificates, contracts, documents, instruments, releases, financing statements, letters of instruction, notices of acceptance, written requests and other papers, whether or not mentioned herein, as they or any of them consider to be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution.

Section 1.14 Power to Revise Form of Documents. That, notwithstanding any other provision of this Resolution, the Authorized Representatives are each hereby authorized to make or approve such revisions in the form of the documents attached hereto as exhibits as, in the judgment of such Authorized Representative, and in the opinion of Bracewell LLP, Bond Counsel to the Department (“Bond Counsel”), may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution, such approval to be evidenced by the execution of such documents by the Authorized Representatives.

Section 1.15 Exhibits Incorporated Herein. That all of the terms and provisions of each of the documents listed below as an exhibit shall be and are hereby incorporated into and made a part of this Resolution for all purposes:

- Exhibit C - Indenture
- Exhibit D - Loan Agreement
- Exhibit E - Regulatory Agreement
- Exhibit F-1 - Series A-1 Note
- Exhibit F-2 - Series A-2 Note
- Exhibit F-3 - Series B Note
- Exhibit G - Security Instrument
- Exhibit H - Assignment
- Exhibit I - Placement Agreement
- Exhibit J - Tax Exemption Agreement

Section 1.16 Authorized Representatives. That the following persons are each hereby named as authorized representatives of the Department for purposes of executing, attesting, affixing the Department’s seal to, and delivering the documents and instruments and taking the other actions referred to in this Article 1: the Chair or Vice Chair of the Board, the Executive Director of the Department, the Director of Administration of the Department, the Director of Financial Administration of the Department, the Director of Bond Finance of the Department, the Director of Multifamily Bonds of the Department, and the Secretary or any Assistant Secretary to the Board. Such persons are referred to herein collectively as the “Authorized Representatives.” Any one of the Authorized Representatives is authorized to act individually as set forth in this Resolution.

ARTICLE 2

APPROVAL AND RATIFICATION OF CERTAIN ACTIONS

Section 2.1 Approval and Ratification of Application to Texas Bond Review Board. That the Board hereby ratifies and approves the submission of the application for approval of state bonds to the Texas Bond Review Board on behalf of the Department in connection with the issuance of the Bonds in accordance with Chapter 1231, Texas Government Code.

Section 2.2 Approval of Submission to the Attorney General. That the Board hereby authorizes, and approves the submission by Bond Counsel to the Attorney General, for his

approval, of a transcript of legal proceedings relating to the issuance, sale and delivery of the Bonds.

Section 2.3 Certification of the Minutes and Records. That the Secretary or Assistant Secretary to the Board hereby is authorized to certify and authenticate minutes and other records on behalf of the Department for the Bonds and all other Department activities.

Section 2.4 Reserved.

Section 2.5 Authority to Invest Proceeds. That the Department is authorized to invest and reinvest the proceeds of the Bonds and the fees and revenues to be received in connection with the financing of the Development in accordance with the Indenture and the Tax Exemption Agreement and to enter into any agreements relating thereto only to the extent permitted by the Indenture and the Tax Exemption Agreement.

Section 2.6 Reserved.

Section 2.7 Engagement of Other Professionals. That the Executive Director of the Department or any successor is authorized to engage auditors to perform such functions, audits, yield calculations and subsequent investigations as necessary or appropriate to comply with the Placement Agreement and the requirements of Bond Counsel, provided such engagement is done in accordance with applicable law of the State.

Section 2.8 Ratifying Other Actions. That all other actions taken by the Executive Director of the Department and the Department staff in connection with the issuance of the Bonds and the financing of the Development are hereby ratified and confirmed.

ARTICLE 3

CERTAIN FINDINGS AND DETERMINATIONS

Section 3.1 Findings of the Board. That in accordance with Section 2306.223 of the Act and after the Department's consideration of the information with respect to the Development and the information with respect to the proposed financing of the Development by the Department, including but not limited to the information submitted by the Borrower, independent studies commissioned by the Department, recommendations of the Department staff and such other information as it deems relevant, the Board hereby finds:

(a) Need for Housing Development.

(i) that the Development is necessary to provide needed decent, safe, and sanitary housing at rentals or prices that individuals or families of low, very low and extremely low income or families of moderate income can afford,

(ii) that the financing of the Development is a public purpose and will provide a public benefit, and

(iii) that the Development will be undertaken within the authority granted by the Act to the housing finance division and the Borrower.

(b) Findings with Respect to the Borrower.

(i) that the Borrower, by operating the Development in accordance with the requirements of the Loan Agreement, the Regulatory Agreement and the Tax Exemption Agreement, will supply well-planned and well-designed housing for individuals or families of low, very low or extremely low income or families of moderate income,

(ii) that the Borrower is financially responsible, and

(iii) that the Borrower is not, and will not enter into a contract for the Development with, a housing developer that (A) is on the Department's debarred list, including any parts of that list that are derived from the debarred list of the United States Department of Housing and Urban Development; (B) breached a contract with a public agency; or (C) misrepresented to a subcontractor the extent to which the developer has benefited from contracts or financial assistance that has been awarded by a public agency, including the scope of the developer's participation in contracts with the agency and the amount of financial assistance awarded to the developer by the Department.

(c) Public Purpose and Benefits.

(i) that the Borrower has agreed to operate the Development in accordance with the Loan Agreement, the Regulatory Agreement and the Tax Exemption Agreement, which require, among other things, that the Development be occupied by individuals and families of low, very low and extremely low income and families of moderate income, and

(ii) that the issuance of the Bonds in connection with the financing of the Development is undertaken within the authority conferred by the Act and will accomplish a valid public purpose and will provide a public benefit by assisting individuals and families of low, very low and extremely low income and families of moderate income in the State to obtain decent, safe, and sanitary housing by financing costs of the Development, thereby helping to maintain a fully adequate supply of sanitary and safe dwelling accommodations at rents that such individuals and families can afford.

Section 3.2 Determination of Eligible Tenants. That the Board has determined, to the extent permitted by law and after consideration of such evidence and factors as it deems relevant, the findings of the staff of the Department, the laws applicable to the Department and the provisions of the Act, that eligible tenants for the Development shall be (1) individuals and families of low, very low and extremely low income, (2) persons with special needs, and (3) families of moderate income, with the income limits as set forth in the Tax Exemption Agreement and the Regulatory Agreement.

Section 3.3 Sufficiency of Loan Interest Rate. That, in accordance with Section 2306.226 of the Act, the Board hereby finds and determines that the interest rate on the Loan established pursuant to the Loan Agreement will produce the amounts required, together with other available funds, to pay for the Department's costs of operation with respect to the Bonds and the Development and enable the Department to meet its covenants with and responsibilities to the holders of the Bonds.

Section 3.4 No Gain Allowed. That, in accordance with Section 2306.498 of the Act, no member of the Board or employee of the Department may purchase the Bonds in the secondary open market for municipal securities.

ARTICLE 4

GENERAL PROVISIONS

Section 4.1 Limited Obligations. That the Bonds and the interest thereon shall be special limited obligations of the Department payable solely from the trust estate created under the Indenture, including the revenues and funds of the Department pledged under the Indenture to secure payment of the Bonds, and under no circumstances shall the Bonds be payable from any other revenues, funds, assets or income of the Department.

Section 4.2 Non-Governmental Obligations. That the Bonds shall not be and does not create or constitute in any way an obligation, a debt or a liability of the State or create or constitute a pledge, giving or lending of the faith or credit or taxing power of the State. The Bonds shall contain on its face a statement to the effect that the State is not obligated to pay the principal thereof or interest thereon and that neither the faith or credit nor the taxing power of the State is pledged, given or loaned to such payment.

Section 4.3 Effective Date. That this Resolution shall be in full force and effect from and upon its adoption.

Section 4.4 Notice of Meeting. This Resolution was considered and adopted at a meeting of the Governing Board that was noticed, convened, and conducted in full compliance with the Texas Open Meetings Act, Chapter 551 of the Texas Government Code, and with Section 2306.032 of the Texas Government Code, regarding meetings of the Governing Board.

PASSED AND APPROVED this 16th day of January, 2025.

EXHIBIT A

Description of Development

Borrower: LDG The Ridge at Loop 12, LP, a Texas limited partnership

Development: The Development is a 300-unit affordable, multifamily housing development known as The Ridge at Loop 12, located at 1100 N. Walton Walker Blvd, Dallas, Dallas County, Texas 75211, consisting of six (6) residential apartment buildings. The unit mix will consist of:

36	one-bedroom/one-bath units
117	two-bedroom/two-bath units
135	three-bedroom/two-bath units
12	four-bedroom/two-bath units
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300	Total Units

EXHIBIT B

BVAL Rate	Gross Spread	All-in rate	Series A-1 Loan Amount	Series A-2 Loan Amount	Series A-3 Taxable Loan Amount	Total Financing
2.891%	2.90%	5.791%	\$46,327,600	\$3,672,400	\$11,914,000	\$61,914,000
2.901%	2.90%	5.801%	\$46,270,400	\$3,729,600	\$11,914,000	\$61,914,000
2.911%	2.90%	5.811%	\$46,213,200	\$3,786,800	\$11,914,000	\$61,914,000
2.921%	2.90%	5.821%	\$46,156,000	\$3,844,000	\$11,914,000	\$61,914,000
2.931%	2.90%	5.831%	\$46,091,100	\$3,908,900	\$11,914,000	\$61,914,000
2.941%	2.90%	5.841%	\$46,033,900	\$3,966,100	\$11,914,000	\$61,914,000
2.951%	2.90%	5.851%	\$45,977,800	\$4,022,200	\$11,914,000	\$61,914,000
2.961%	2.90%	5.861%	\$45,914,000	\$4,086,000	\$11,914,000	\$61,914,000
2.971%	2.90%	5.871%	\$45,856,800	\$4,143,200	\$11,914,000	\$61,914,000
2.981%	2.90%	5.881%	\$45,800,700	\$4,199,300	\$11,914,000	\$61,914,000
2.991%	2.90%	5.891%	\$45,736,900	\$4,263,100	\$11,914,000	\$61,914,000
3.001%	2.90%	5.901%	\$45,680,800	\$4,319,200	\$11,914,000	\$61,914,000
3.011%	2.90%	5.911%	\$45,624,700	\$4,375,300	\$11,914,000	\$61,914,000
3.021%	2.90%	5.921%	\$45,562,000	\$4,438,000	\$11,914,000	\$61,914,000
3.031%	2.90%	5.931%	\$45,507,000	\$4,493,000	\$11,914,000	\$61,914,000
3.041%	2.90%	5.941%	\$45,450,900	\$4,549,100	\$11,914,000	\$61,914,000
3.051%	2.90%	5.951%	\$45,389,300	\$4,610,700	\$11,914,000	\$61,914,000
3.061%	2.90%	5.961%	\$45,333,200	\$4,666,800	\$11,914,000	\$61,914,000
3.071%	2.90%	5.971%	\$45,278,200	\$4,721,800	\$11,914,000	\$61,914,000
3.081%	2.90%	5.981%	\$45,216,600	\$4,783,400	\$11,914,000	\$61,914,000
3.091%	2.90%	5.991%	\$45,161,600	\$4,838,400	\$11,914,000	\$61,914,000
3.101%	2.90%	6.001%	\$45,106,600	\$4,893,400	\$11,914,000	\$61,914,000
3.111%	2.90%	6.011%	\$45,046,100	\$4,953,900	\$11,914,000	\$61,914,000
3.121%	2.90%	6.021%	\$44,991,100	\$5,008,900	\$11,914,000	\$61,914,000
3.131%	2.90%	6.031%	\$44,930,600	\$5,069,400	\$11,914,000	\$61,914,000
3.141%	2.90%	6.041%	\$44,875,600	\$5,124,400	\$11,914,000	\$61,914,000
3.151%	2.90%	6.051%	\$44,821,700	\$5,178,300	\$11,914,000	\$61,914,000
3.161%	2.90%	6.061%	\$44,761,200	\$5,238,800	\$11,914,000	\$61,914,000
3.171%	2.90%	6.071%	\$44,707,300	\$5,292,700	\$11,914,000	\$61,914,000
3.181%	2.90%	6.081%	\$44,653,400	\$5,346,600	\$11,914,000	\$61,914,000
3.191%	2.90%	6.091%	\$44,594,000	\$5,406,000	\$11,914,000	\$61,914,000
3.201%	2.90%	6.101%	\$44,540,100	\$5,459,900	\$11,914,000	\$61,914,000
3.211%	2.90%	6.111%	\$44,480,700	\$5,519,300	\$11,914,000	\$61,914,000
3.221%	2.90%	6.121%	\$44,427,900	\$5,572,100	\$11,914,000	\$61,914,000
3.231%	2.90%	6.131%	\$44,374,000	\$5,626,000	\$11,914,000	\$61,914,000
3.241%	2.90%	6.141%	\$44,314,600	\$5,685,400	\$11,914,000	\$61,914,000
3.251%	2.90%	6.151%	\$44,262,900	\$5,737,100	\$11,914,000	\$61,914,000

BVAL Rate	Gross Spread	All-in rate	Series A-1 Loan Amount	Series A-2 Loan Amount	Series A-3 Taxable Loan Amount	Total Financing
3.261%	2.90%	6.161%	\$44,203,500	\$5,796,500	\$11,914,000	\$61,914,000
3.271%	2.90%	6.171%	\$44,150,700	\$5,849,300	\$11,914,000	\$61,914,000
3.281%	2.90%	6.181%	\$44,092,400	\$5,907,600	\$11,914,000	\$61,914,000
3.291%	2.90%	6.191%	\$44,039,600	\$5,960,400	\$11,914,000	\$61,914,000
3.301%	2.90%	6.201%	\$43,987,900	\$6,012,100	\$11,914,000	\$61,914,000
3.311%	2.90%	6.211%	\$43,929,600	\$6,070,400	\$11,914,000	\$61,914,000
3.321%	2.90%	6.221%	\$43,877,900	\$6,122,100	\$11,914,000	\$61,914,000
3.331%	2.90%	6.231%	\$43,819,600	\$6,180,400	\$11,914,000	\$61,914,000
3.341%	2.90%	6.241%	\$43,767,900	\$6,232,100	\$11,914,000	\$61,914,000
3.351%	2.90%	6.251%	\$43,710,700	\$6,289,300	\$11,914,000	\$61,914,000
3.361%	2.90%	6.261%	\$43,659,000	\$6,341,000	\$11,914,000	\$61,914,000
3.371%	2.90%	6.271%	\$43,601,800	\$6,398,200	\$11,914,000	\$61,914,000
3.381%	2.90%	6.281%	\$43,550,100	\$6,449,900	\$11,914,000	\$61,914,000
3.391%	2.90%	6.291%	\$43,492,900	\$6,507,100	\$11,914,000	\$61,914,000
3.401%	2.90%	6.301%	\$43,442,300	\$6,557,700	\$11,914,000	\$61,914,000
3.411%	2.90%	6.311%	\$43,385,100	\$6,614,900	\$11,914,000	\$61,914,000
3.421%	2.90%	6.321%	\$43,334,500	\$6,665,500	\$11,914,000	\$61,914,000
3.431%	2.90%	6.331%	\$43,278,400	\$6,721,600	\$11,914,000	\$61,914,000
3.441%	2.90%	6.341%	\$43,227,800	\$6,772,200	\$11,914,000	\$61,914,000
3.451%	2.90%	6.351%	\$43,178,300	\$6,821,700	\$11,914,000	\$61,914,000
3.461%	2.90%	6.361%	\$43,122,200	\$6,877,800	\$11,914,000	\$61,914,000
3.471%	2.90%	6.371%	\$43,071,600	\$6,928,400	\$11,914,000	\$61,914,000
3.481%	2.90%	6.381%	\$43,015,500	\$6,984,500	\$11,914,000	\$61,914,000
3.491%	2.90%	6.391%	\$42,959,400	\$7,040,600	\$11,914,000	\$61,914,000
3.501%	2.90%	6.401%	\$42,909,900	\$7,090,100	\$11,914,000	\$61,914,000
3.511%	2.90%	6.411%	\$42,854,900	\$7,145,100	\$11,914,000	\$61,914,000
3.521%	2.90%	6.421%	\$42,805,400	\$7,194,600	\$11,914,000	\$61,914,000
3.531%	2.90%	6.431%	\$42,750,400	\$7,249,600	\$11,914,000	\$61,914,000
3.541%	2.90%	6.441%	\$42,700,900	\$7,299,100	\$11,914,000	\$61,914,000
3.551%	2.90%	6.451%	\$42,645,900	\$7,354,100	\$11,914,000	\$61,914,000
3.561%	2.90%	6.461%	\$42,597,500	\$7,402,500	\$11,914,000	\$61,914,000
3.571%	2.90%	6.471%	\$42,542,500	\$7,457,500	\$11,914,000	\$61,914,000
3.581%	2.90%	6.481%	\$42,494,100	\$7,505,900	\$11,914,000	\$61,914,000
3.591%	2.90%	6.491%	\$42,439,100	\$7,560,900	\$11,914,000	\$61,914,000
3.601%	2.90%	6.501%	\$42,391,800	\$7,608,200	\$11,914,000	\$61,914,000
3.611%	2.90%	6.511%	\$42,336,800	\$7,663,200	\$11,914,000	\$61,914,000
3.621%	2.90%	6.521%	\$42,289,500	\$7,710,500	\$11,914,000	\$61,914,000
3.631%	2.90%	6.531%	\$42,234,500	\$7,765,500	\$11,914,000	\$61,914,000
3.641%	2.90%	6.541%	\$42,181,700	\$7,818,300	\$11,914,000	\$61,914,000
3.651%	2.90%	6.551%	\$42,133,300	\$7,866,700	\$11,914,000	\$61,914,000

BVAL Rate	Gross Spread	All-in rate	Series A-1 Loan Amount	Series A-2 Loan Amount	Series A-3 Taxable Loan Amount	Total Financing
3.661%	2.90%	6.561%	\$42,079,400	\$7,920,600	\$11,914,000	\$61,914,000
3.671%	2.90%	6.571%	\$42,032,100	\$7,967,900	\$11,914,000	\$61,914,000
3.681%	2.90%	6.581%	\$41,979,300	\$8,020,700	\$11,914,000	\$61,914,000
3.691%	2.90%	6.591%	\$41,932,000	\$8,068,000	\$11,914,000	\$61,914,000
3.701%	2.90%	6.601%	\$41,879,200	\$8,120,800	\$11,914,000	\$61,914,000
3.711%	2.90%	6.611%	\$41,825,300	\$8,174,700	\$11,914,000	\$61,914,000
3.721%	2.90%	6.621%	\$41,779,100	\$8,220,900	\$11,914,000	\$61,914,000
3.731%	2.90%	6.631%	\$41,726,300	\$8,273,700	\$11,914,000	\$61,914,000
3.741%	2.90%	6.641%	\$41,679,000	\$8,321,000	\$11,914,000	\$61,914,000
3.751%	2.90%	6.651%	\$41,627,300	\$8,372,700	\$11,914,000	\$61,914,000
3.761%	2.90%	6.661%	\$41,574,500	\$8,425,500	\$11,914,000	\$61,914,000
3.771%	2.90%	6.671%	\$41,528,300	\$8,471,700	\$11,914,000	\$61,914,000
3.781%	2.90%	6.681%	\$41,476,600	\$8,523,400	\$11,914,000	\$61,914,000
3.791%	2.90%	6.691%	\$41,430,400	\$8,569,600	\$11,914,000	\$61,914,000
3.801%	2.90%	6.701%	\$41,378,700	\$8,621,300	\$11,914,000	\$61,914,000
3.811%	2.90%	6.711%	\$41,327,000	\$8,673,000	\$11,914,000	\$61,914,000
3.821%	2.90%	6.721%	\$41,280,800	\$8,719,200	\$11,914,000	\$61,914,000
3.831%	2.90%	6.731%	\$41,229,100	\$8,770,900	\$11,914,000	\$61,914,000
3.841%	2.90%	6.741%	\$41,178,500	\$8,821,500	\$11,914,000	\$61,914,000
3.851%	2.90%	6.751%	\$41,132,300	\$8,867,700	\$11,914,000	\$61,914,000
3.861%	2.90%	6.761%	\$41,081,700	\$8,918,300	\$11,914,000	\$61,914,000
3.871%	2.90%	6.771%	\$41,036,600	\$8,963,400	\$11,914,000	\$61,914,000
3.881%	2.90%	6.781%	\$40,984,900	\$9,015,100	\$11,914,000	\$61,914,000
3.891%	2.90%	6.791%	\$40,934,300	\$9,065,700	\$11,914,000	\$61,914,000

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS,
as Issuer

and

BOKF, NA,
as Trustee

INDENTURE OF TRUST

Dated as of [March 1], 2025

Relating to:

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

[\$_____]
Multifamily Housing Revenue Bonds
(The Ridge at Loop 12)
Series 2025A-1

[\$_____]
Multifamily Housing Revenue Bonds
(The Ridge at Loop 12)
Series 2025A-2

[\$_____]
Multifamily Housing Revenue Bonds
(The Ridge at Loop 12)
Taxable Series 2025B

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INDENTURE OF TRUST

THIS INDENTURE OF TRUST dated as of [March 1], 2025 (this “**Indenture**”), by and between the **TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**, a public and official agency of the State of Texas (together with its successors and assigns, the “**Issuer**”), and **BOKF, NA**, a national banking association, as trustee (together with any successor trustee hereunder and with their respective successors and assigns, the “**Trustee**”),

WITNESSETH:

WHEREAS, by virtue of the authority of the laws of the State of Texas (the “**State**”), and particularly the provisions of Chapter 2306, Texas Government Code, as amended (the “**Act**”), the Issuer is authorized to make loans to finance the cost of a “development” (as defined in the Act) and to issue bonds, notes or other evidences of indebtedness from time to time for such purposes; and

WHEREAS, LDG The Ridge at Loop 12, LP, a Texas limited partnership (together with permitted successors and assigns the “**Borrower**”), has applied to the Issuer for financial assistance for the purpose of providing all or part of the funds required to finance an approximately 300-unit multifamily residential rental housing project located or to be located at 1100 N. Walton Walker Blvd, Dallas, Dallas County, Texas 75211, and subordinate and related facilities thereto, to be known as The Ridge at Loop 12 (the “**Project Facilities**” or “**Project**”); and

WHEREAS, the Issuer has, pursuant to the Act and this Indenture, determined to issue and sell its (i) \$[] Multifamily Housing Revenue Bonds (The Ridge at Loop 12) Series 2025A-1 (the “**2025A-1 Bonds**”), (ii) \$[] Multifamily Housing Revenue Bonds (The Ridge at Loop 12) Series 2025A-2 (the “**2025A-2 Bonds**” and together with the 2025A-1 Bonds, the “**Tax-Exempt Bonds**”), and (iii) \$[] Multifamily Housing Revenue Bonds (The Ridge at Loop 12) Taxable Series 2025B (the “**2025B Bonds**,” and together with the Tax-Exempt Bonds, the “**Bonds**”) for the purpose of providing financing for the acquisition of a leasehold interest in, construction and equipping of the Project, all pursuant to this Indenture and the Loan Agreement, dated of even date herewith (as amended, modified or supplemented from time to time, the “**Loan Agreement**”), between the Issuer and the Borrower; and

WHEREAS, the Issuer is authorized to enter into this Indenture and to do or cause to be done all the acts and things herein provided or required to be done to finance the Project Costs (as defined herein) by the issuance of the Bonds, all as hereinafter provided; and

WHEREAS, all acts, conditions and things required to happen, exist, and be performed precedent to and in the issuance of the Bonds and the execution and delivery of this Indenture have happened, exist and have been performed in order to make the Bonds, when issued, delivered and authenticated, valid obligations of the Issuer in accordance with the terms thereof and hereof, and in order to make this Indenture a valid, binding and legal trust agreement for the security of the Bonds in accordance with its terms; and

WHEREAS, in order to assure compliance with Sections 103 and 142 through 150 of the Code (as hereinafter defined), the Issuer, the Borrower and the Trustee have entered into the Tax

Exemption Agreement and the Regulatory Agreement (each as hereinafter defined), each of which sets forth various certifications, representations, and covenants relating to the Federal Tax Status (as hereinafter defined) of the Tax-Exempt Bonds; and

WHEREAS, the Trustee has accepted the trusts created by this Indenture and has accepted its obligations hereunder, and in evidence thereof, this Indenture has been executed and delivered thereby.

NOW, THEREFORE, IN CONSIDERATION OF THE PREMISES AND OF THE COVENANTS AND UNDERTAKINGS HEREIN EXPRESSED, AND FOR OTHER GOOD AND VALUABLE CONSIDERATION, THE ADEQUACY AND RECEIPT OF WHICH IS HEREBY ACKNOWLEDGED, AND INTENDING TO BE LEGALLY BOUND HEREBY, THE PARTIES HERETO AGREE AS FOLLOWS:

GRANTING CLAUSES

The Issuer, in consideration of the premises, the acceptance by the Trustee of the trusts hereby created, the purchase and acceptance of the Bonds by the Holders thereof, and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and in order to secure the payment of the principal of, redemption premium, if any, and interest on the Bonds according to their tenor and effect, and to secure the performance and observance by the Issuer of all the covenants, agreements and conditions herein and in the Bonds contained, does hereby transfer, pledge and assign, without recourse, to the Trustee and its successors and assigns in trust forever, and does hereby grant a security interest unto the Trustee and its successors in trust and its assigns, in and to all and singular the property described in paragraphs (a), (b), (c) and (d) below (said property being herein referred to as the "Security"), to wit:

(a) All moneys from time to time paid by the Borrower pursuant to the terms of the Loan Agreement, the Note and the Bond Documents and all right, title and interest of the Issuer (including, but not limited to, the right to enforce any of the terms thereof) under and pursuant to and subject to the provisions of the Loan Agreement, the Mortgage, the Bond Documents and the Note (but in each instance excluding the Reserved Rights, as defined herein); and

(b) All other moneys and securities from time to time held by the Trustee under the terms of this Indenture, excluding the Costs of Issuance Account, the Rebate Fund and the Expense Fund and excluding amounts required to be rebated to the United States Treasury under the Code, whether or not held in the Rebate Fund; and

(c) Any and all property, rights and interests (real, personal or mixed) of every kind and nature from time to time hereafter, by delivery or by writing of any kind, pledged, assigned or transferred as and for additional security hereunder to the Trustee, which the Trustee is hereby authorized to receive at any and all times and to hold and apply the same subject to the terms of this Indenture (except for its Reserved Rights thereunder); and

(d) All of the proceeds of the foregoing (except the amounts payable to or on behalf of the Issuer on account of its Reserved Rights), including without limitation investments thereof;

PROVIDED, HOWEVER, that there shall be excluded from the granting clauses of this Indenture all the Reserved Rights of the Issuer, including all amounts paid or collected by the Issuer in connection therewith, all amounts on deposit in the Costs of Issuance Account and the Expense Fund and all amounts on deposit in the Rebate Fund, which amounts on deposit in the Rebate Fund shall be held for the sole benefit of the United States of America;

TO HAVE AND TO HOLD, all and singular, the Security with all rights and privileges hereby transferred, pledged, assigned and/or granted or agreed or intended so to be, to the Trustee and its successors and assigns in trust forever;

IN TRUST NEVERTHELESS, upon the terms and conditions herein set forth for the equal and proportionate benefit, security and protection of all present and future Holders of the Bonds Outstanding, without preference, priority or distinction as to participation in the lien, benefit and protection of all present and future Holders of the Bonds;

PROVIDED, NEVERTHELESS, and these presents are upon the express condition, that if the Issuer or its successors or assigns shall well and truly pay or cause to be paid the principal of and premium, if any, on such Bonds with interest, according to the provisions set forth in the Bonds, or shall provide for the payment or redemption of such Bonds by depositing or causing to be deposited with the Trustee the entire amount of funds or securities requisite for payment or redemption thereof when and as authorized by the provisions of Article V (it being understood that any payment with respect to the principal of or interest on Bonds made by the Borrower shall not be deemed payment or provision for the payment of the principal of or interest on Bonds, except Bonds purchased or paid and canceled by the Trustee, all such uncanceled Bonds to remain Outstanding and the principal of and interest thereon payable to the Holders thereof), and shall also pay or cause to be paid all other sums payable hereunder by the Issuer, then these presents and the estate and rights hereby granted shall cease, terminate and become void, and thereupon the Trustee, on payment of its lawful charges and disbursements then unpaid, on demand of the Issuer and upon the payment by the Issuer of the cost and expenses thereof, shall duly execute, acknowledge and deliver to the Issuer such instruments of satisfaction or release as may be necessary or proper to discharge this Indenture of record, and if necessary shall grant, reassign and deliver to the Issuer all and singular the property, rights, privileges and interests by it hereby granted, conveyed and assigned, and all substitutes therefor, or any part thereof, not previously disposed of or released as herein provided; otherwise this Indenture shall be and remain in full force;

THIS INDENTURE FURTHER WITNESSETH, and it is hereby expressly declared, covenanted and agreed by and between the parties hereto, that all Bonds issued and secured hereunder are to be issued, authenticated and delivered and that all the Security is to be held and applied under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes as hereinafter expressed, and the Issuer does hereby agree and covenant with the Trustee, for the benefit of the respective Holders from time to time of the Bonds as follows:

ARTICLE I DEFINITIONS

Section 1.1 Defined Terms. In addition to terms defined elsewhere in this Indenture, the following words and terms as used in this Indenture and the preambles hereto shall have the following meanings unless the context or use clearly indicates another or different meaning or intent.

“**Accountant**” means [Novogradac & Company LLP], or such other accounting firm who is independent, appointed by the Borrower, actively engaged in the business of public accounting and duly licensed as a certified public accountant under the applicable laws of the relevant state.

“**Accounts**” means all funds and accounts established under this Indenture from time to time.

“**Accredited Investor**” means an “accredited investor” as defined in Rule 501(a)(1), (2), (3), (7) or (8) of Regulation D promulgated under the Securities Act, as in effect on the date hereof.

“**Act**” has the meaning set forth in the recitals to this Indenture.

“**Advance**” means any disbursement from the Project Fund established under this Indenture made or to be made by the Trustee pursuant to the terms of the Loan Agreement.

“**Affiliate**” means, with respect to any designated Person, each Person who directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, another designated Person, pursuant to the organizational document(s) of an entity or by other express, written agreement.

“**Annual Budget**” means, for any Fiscal Year, the capital and operating budget adopted by the Borrower and approved by the Controlling Person, or deemed approved, pursuant to Section 6.24 of the Loan Agreement.

“**Anti-Terrorism Regulations**” shall have the meaning ascribed to such term in Section 6.23 of the Loan Agreement.

“**Approved Transferee**” means (1) a QIB, (2) an Accredited Investor or (3) a trust or custodial arrangement established by the Bondholder or one of its affiliates, the beneficial interests in which will be either (i) owned only by QIBs or Accredited Investors, or (ii) rated in the “A” category or higher without regard to modifier (or the equivalent investment grade category) by at least one nationally recognized rating agency

“**Approving Opinion of Bond Counsel**” means the opinion of Bond Counsel delivered pursuant to Section 2.7(b)(viii) of this Indenture with respect to the excludability of interest on the Tax-Exempt Bonds from gross income of the holders thereof for federal income tax purposes, which opinion shall be addressed to the Purchaser, the Placement Agent, the Trustee, and the Issuer.

“**Architect**” means [_____], together with any successors and assigns under the Architect’s Agreement.

“**Architect’s Agreement**” means the contract dated [_____], between the Borrower and the Architect, providing for the design of the Project and the supervision of the construction thereof, including ongoing monthly inspection of the Project certification of Requisitions and certification of Final Completion, among other things, as the same may be amended, modified or supplemented from time to time.

“**Assignment of Capital Contributions**” means the Assignment of Capital Contributions, dated the date hereof, by the Borrower for the benefit of the Trustee.

“**Assignment of Management Agreement and Consent**” means the Assignment of Management Agreement, dated as of the date hereof, by the Borrower to and for the benefit of the Trustee, consented to by the Managing Agent.

“**Assignment of Mortgage Documents**” means the Assignment of Mortgage Documents, dated as of the date hereof, made by the Issuer in favor of the Trustee with the consent of the Borrower.

“**Assignment of Project Documents**” means the Assignment of Project Documents, dated as of the date hereof, made by the Borrower in favor of the Trustee.

“**Authorized Denomination**” means denominations of \$100,000 and multiples of \$1.00 in excess thereof, but not in excess of the aggregate principal amount of the Bonds then Outstanding.

“**Authorized Officer**” means the Chair or Vice Chair of the Board, the Executive Director of the Issuer, the Director of Financial Administration of the Issuer, the Director of Bond Finance of the Issuer, the Director of Multifamily Bonds of the Issuer, and the Secretary or the Assistant Secretary to the Board.

“**Authorized Person**” means one or more individuals duly authorized to bind the Borrower in connection with the administration of the Project Facilities. The initial Authorized Person of the Borrower is [_____].

“**Bankruptcy Code**” means Title 11 of the United States Code, as amended, and any successor statute or statutes having substantially the same function.

“**Board**” means the Governing Board of the Issuer.

“**Bond**” or “**Bonds**” means, individually or collectively as context may dictate, the 2025A-1 Bonds, the 2025A-2 Bonds and the 2025B Bonds.

“**Bond Counsel**” means Bracewell LLP, or such other attorney, or firm of attorneys selected by the Issuer, nationally recognized and experienced in legal work relating to the financing of facilities through the issuance of tax-exempt bonds.

“Bond Documents” means, collectively, the Bonds, this Indenture, the Loan Agreement, the Note, the Bond Placement Agreement, the Regulatory Agreement, the Tax Exemption Agreement, the Mortgage, the Environmental Indemnity, the Assignment of Management Agreement and Consent, the Continuing Disclosure Agreement, the Replacement Reserve Agreement, the Assignment of Project Documents, the Assignment of Mortgage Documents, the General Partner Pledge, the Developer Fee Pledge, the Assignment of Capital Contributions, the Guaranty of Recourse Obligations, the Guaranty of Debt Service and Stabilization, the Guaranty of Completion, and all other agreements or instruments relating to, or executed in connection with the issuance and delivery of the Bonds, including all modifications, amendments or supplements thereto.

“Bond Fund” means the fund of that name created pursuant to Section 4.1(a) hereof, which Bond Fund includes a Series A-1 Bond Fund Account, a Series A-2 Bond Fund Account, and a Series B Bond Fund Account.

“Bond Interest Rate” means a per annum rate equal to (a) [A-1 RATE]% with respect to the 2025A-1 Bonds, (b) [A-2 RATE]% with respect to the 2025A-2 Bonds, and (c) [B RATE]% with respect to the 2025B Bonds.

“Bond Placement Agreement” means the Bond Placement Agreement dated [PRICING DATE], by and among the Purchaser, the Placement Agent, the Borrower and the Issuer.

“Bond Proceeds Account” means the account of that name within the Project Fund created pursuant to Section 4.1(a) hereof, which Bond Proceeds Account includes a Series A-1 Bond Proceeds Subaccount, a Series A-2 Bond Proceeds Subaccount, and a Series B Bond Proceeds Subaccount.

“Bondholder” or **“Holder”** or words of similar import, when used with reference to the Bonds, means the registered owner or owners of the Bonds, as applicable.

“Borrower” shall have the meaning given to such term in the recitals to this Indenture.

“Business Day” means any day that is not a Saturday, Sunday, or a day on which the offices of the Trustee are closed for business and on which The New York Stock Exchange is not closed.

“Capital Expenditures” means the capital expenditures relating to any construction, renovation, rehabilitation, repair and replacement of the Improvements.

“Capitalized Interest Account” means the account of that name within the Project Fund created pursuant to Section 4.1(a) hereof, which Capitalized Interest Account includes (i) a 2025A-1 Bond Proceeds Subaccount, (ii) a 2025A-2 Bond Proceeds Subaccount, (iii) a 2025B Bond Proceeds Subaccount, and (iv) an Equity Subaccount.

“Change Order” means a change made to the Plans and Specifications relating to the Project Facilities, as evidenced by a written change order request in accordance with the terms of the Construction Contract.

“**Class B Limited Partner**” means [LDG The Ridge at Loop 12 SLP, LLC, a Texas limited liability company], and its successors and assigns in such capacity pursuant to the Partnership Agreement.

“**Closing Date**” means the date of delivery of the Bonds in exchange for the purchase price thereof.

“**Closing Memorandum**” means the closing memorandum executed by the Borrower in connection with the issuance of the Bonds.

“**Code**” means the Internal Revenue Code of 1986, as amended, and, with respect to a specific section thereof, such reference shall be deemed to include (a) the Regulations promulgated under such section, (b) any successor provision of similar import hereafter enacted, (c) any corresponding provision of any subsequent Internal Revenue Code and (d) the regulations promulgated under the provisions described in (b) and (c).

“**Collateral**” means all property of the Borrower in which the Trustee is granted a security interest to secure payment of the Bonds.

“**Completion Date**” means the date by which the construction, renovation, rehabilitation, repair and replacement of the Improvements must achieve Final Completion. The initial Completion Date is [the first day of the 28th month following the month in which the Closing Date occurs]; provided, however, that at the request of the Borrower and with the prior written approval of the Controlling Person, the Completion Date may be extended one or more times for such periods as the Controlling Person may approve in its sole discretion, upon delivery of such other information and funds as reasonably requested by the Controlling Person or the Majority Owner.

“**Condemnation Award**” means the total condemnation proceeds actually paid by the condemnor as a result of the condemnation of all or any part of the property subject to the Mortgage less the actual costs incurred, including attorneys’ fees, in obtaining such award.

“**Construction Contract**” means the contract, dated on or about [_____], between the Borrower and the Contractor, providing for the construction of the Improvements and certification of Requisitions, among other things, as the same may be amended, modified or supplemented from time to time.

“**Contamination**” means the uncontained release, discharge or disposal of any Hazardous Substances at, on, upon or beneath the Project Facilities, whether or not originating at the Project Facilities, or arising from the Project Facilities into or upon any land or water or air, or otherwise into the environment, which may require remediation under any applicable Legal Requirements.

“**Continuing Disclosure Agreement**” means the Continuing Disclosure Agreement dated as of [March 1], 2025, between the Borrower and BOKF, NA, as dissemination agent, as the same may be amended, modified or supplemented from time to time.

“**Contractor**” means [_____], a [_____].

“Control” (including, with the correlative meanings, the terms “controlling” (except in connection with the term “Controlling Person”), “controlled by” and “under common control with”) means, as used with respect to any Person, the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through contract, stock ownership, partnership interests, membership, voting rights, governing boards, committees, divisions or other bodies with one or more common members, directors, trustees or other managers, or otherwise.

“Controlling Person” means any entity designated in writing by the Majority Owner to act as a Controlling Person hereunder, in accordance with Article IX hereof. If at any time a Controlling Person has not been designated by the Majority Owner, all references herein, and in other Bond Documents that incorporate the definition herein, to “Controlling Person” shall refer to the Majority Owner. The initial Controlling Person is NewPoint Real Estate Investment Management LLC.

“Cost of Issuance Account” means the account of that name within the Project Fund created pursuant to Section 4.1(a) hereof.

“Costs of Issuance” means all fees, costs and expenses incurred in connection with the issuance of the Bonds and the extension of the Loan that are payable from amounts deposited in the Cost of Issuance Fund.

“Cost of Issuance Deposit” means the deposit to the Costs of Issuance Account on the Closing Date in the amount designated in the Closing Memorandum, as provided in Section 4.1 hereof.

“Counsel” means an attorney, or firm of attorneys, admitted to practice law before the highest court of any state in the United States of America or the District of Columbia, including any Bond Counsel.

“Default” means an event or condition which is, or which after giving notice or lapse of time or both would be, an Event of Default.

“Default Interest” means interest payable at the Default Rate.

“Default Rate” means a rate per annum equal to 12% per annum; provided that such rate shall in no event exceed the Maximum Rate.

“Determination of Taxability” means a determination that the interest accrued or paid on any of the Tax-Exempt Bonds is included in gross income of the Holders or former Holders for federal income tax purposes, which determination shall be deemed to have been made upon the occurrence of the first to occur of the following:

- (i) the day on which the Borrower, the Issuer, the Trustee or any Holder is advised in writing by the Commissioner or any District Director of the Internal Revenue Service that the interest on the Tax-Exempt Bonds is included in the gross income of any Holder or former Holder thereof for federal income tax purposes;

(ii) the day on which the Borrower receives notice from the Trustee in writing that the Trustee has received (1) a notice in writing by any Holder or former Holder that the Internal Revenue Service has issued a statutory notice of deficiency or similar notice to such Holder or former Holder that asserts in effect that the interest on the Tax-Exempt Bonds received by such Holder or former Holder is included in the gross income of such Holder or former Holder for federal income tax purposes, or (2) an Opinion of Bond Counsel that concludes in effect that the interest on the Tax-Exempt Bonds is included in the gross income of any Holder or former Holder thereof for federal income tax purposes;

(iii) the day on which the Borrower, the Issuer, the Trustee or any Holder is advised in writing by the Commissioner or any District Director of the Internal Revenue Service that there has been issued a public or private ruling of the Internal Revenue Service or a technical advice memorandum issued by the national office of the Internal Revenue Service that the interest on the Tax-Exempt Bonds is included in the gross income of any Holder or former Holder thereof for federal income tax purposes; or

(iv) the day on which the Borrower, the Issuer, the Trustee or any Holder is advised in writing by Counsel that a final determination, from which no further right of appeal exists, has been made by a court of competent jurisdiction in the United States of America in a proceeding with respect to which the Borrower has been given written notice and an opportunity to participate and defend that the interest on the Tax-Exempt Bonds is included in the gross income of any Holder or former Holder thereof for federal income tax purposes;

provided, however, no Determination of Taxability shall occur to the extent that the interest on any of the Tax-Exempt Bonds is included in the gross income of any Holder or former Holder for federal income tax purposes solely because such Tax-Exempt Bond was held by a Person who is a Substantial User or a Related Person thereto; provided further that, no Determination of Taxability shall occur under clause (i) or (ii) of this definition unless there has been a reasonable opportunity to contest any such notice or determination, and, further, no Determination of Taxability shall occur until such contest, if made, has been finally determined. To the extent that an agreement is reached with the Internal Revenue Service in order to allow the Tax-Exempt Bonds to continue to be treated as tax-exempt, no Determination of Taxability shall be deemed to have occurred.

“**Developer**” means LDG Multifamily, LLC, a limited liability company organized and existing under the laws of the Commonwealth of Kentucky, with its successors and its assigns that have been approved by the Controlling Person.

“**Developer Fee Pledge**” means the Developer Pledge and Security Agreement, dated as of the date hereof from Developer in favor of the Trustee.

“**Development Budget**” means the budget for the implementation and completion of the acquisition, construction and equipping of the Project Facilities, as provided to the Purchaser, together with any modifications or amendments thereto made in accordance with the Loan Agreement and with the prior written consent of the Controlling Person.

“Effective Gross Revenues” of the Borrower means, for the three (3) month period prior to the determination of Stabilized NOI, the annualized aggregate revenues during such period generated from all tenants and others physically occupying or having a right to occupy or use the Project Facilities or any portion thereof pursuant to leases, including (at the Controlling Person’s sole discretion, taking into account whether such income is recurring and is appropriate for a stabilized property) vending machine income, cable TV revenues, laundry service and parking income, as adjusted in the Controlling Person’s sole judgment for factors including but not limited to: (i) seasonal fluctuation in the rental rate in the market in which the Project Facilities are located; (ii) evidence of rent deterioration; (iii) concessions, reductions, inducements or forbearances (such as any cash reduction in monthly rent during the term of a lease, any free rent before, during or after the term of a lease, any rent coupons, gift certificates and tangible goods or any other form of rent reduction or forbearance); (iv) economic vacancy at the higher of: (1) five percent (5%), or (2) actual economic vacancy based on the annualized vacancies of the Project Facilities; (v) 30-day or more delinquencies; (vi) low-income restrictions required by any applicable federal, state or local subsidy program, or any restrictive covenant or regulatory agreement; and (vii) other applicable adjustments as reasonably determined by the Controlling Person. Effective Gross Revenues shall exclude revenues from Section 8 vouchers to the extent such revenues cause the rent on any unit to exceed the maximum allowable tax credit rent designated for such unit.

“Electronic Means” means the following communications methods: a portable document format (“pdf”) or other replicating image attached to an e-mail, a facsimile transmission, or secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee or another method or system specified by the Trustee as available for use in connection with its services hereunder.

“Engineer’s Agreement” means the agreement, if any, between the Borrower and the structural engineer for the Project Facilities approved by the Controlling Person, relating to the construction of the Improvements, as the same may be amended, modified or supplemented from time to time.

“Engineering Consultant” means a consultant licensed to practice in the State and chosen by the Controlling Person.

“Environmental Audit” means the written [] for the Project Facilities prepared by [] dated [], and the [] dated [] prepared by [].

“Environmental Indemnity” means the Environmental Indemnity Agreement, dated as of the date hereof, by the Borrower and the Developer in favor of the Trustee.

“Environmental Laws” means all Legal Requirements governing or relating to the protection of the environment, natural resources or human health concerning (i) activities at any of the Project Facilities, (ii) repairs or construction of any Improvements, (iii) handling of any materials at any of the Project Facilities, (iv) releases into or upon the air, soil, surface water or ground water from any of the Project Facilities, and (v) storage, distribution, use, treatment, transport or disposal of any waste at or connected with any activity at any of the Project Facilities,

including, without limitation, the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 42 U.S.C. §§ 9601 et seq., as amended from time to time; the Hazardous Materials Transportation Act 49 U.S.C. §§ 5101 et seq., as amended from time to time; the Resource Conservation and Recovery Act 42 U.S.C. §§ 6901 et seq., as amended from time to time; the Federal Water Pollution Control Act 33 U.S.C. §§ 1251 et seq., as amended from time to time; and comparable State statutes.

“Environmentally Sensitive Area” means (i) a wetland or other “water of the United States” for purposes of Section 404 of the federal Clean Water Act or any similar area regulated under any State or local Legal Requirements, (ii) a floodplain or other flood hazard area as defined pursuant to any applicable State Legal Requirements, (iii) a portion of the coastal zone for purposes of the federal Coastal Zone Management Act, or (iv) any other area development of which is specifically restricted under applicable Environmental Laws by reason of its physical characteristics or prior use.

“EPA” shall have the meaning ascribed to such term in Section 6.14(e) of the Loan Agreement.

“Equity Account” means the account of that name within the Project Fund created pursuant to Section 4.1(a) hereof.

“Equity Investor” means Wincopin Circle LLLP, a Maryland limited liability limited partnership, and its successors and assigns in such capacity pursuant to the Partnership Agreement.

“ERISA” shall have the meaning ascribed to such term in Section 5.11 of the Loan Agreement.

“ERISA Affiliate” shall have the meaning ascribed to such term in Section 5.11 of the Loan Agreement.

“Event of Default” means, with respect to this Indenture, any of the events specified in Section 6.1 hereof, or with respect to the Loan Agreement, any of the events specified in Section 7.01 thereof.

“Expense Fund” means the fund of that name created pursuant to Section 4.1(a) hereof.

“Expenses” means the greater of: (i) the aggregate annualized operating expenses (including replacement reserves) of the Project Facilities as determined by the Controlling Person in its sole discretion in an amount equal to the actual amount of aggregate annualized expenses for the three (3) month period prior to the determination of Stabilized NOI, provided that such actual expenses reflect normalized/stabilized operations as reasonably determined by the Controlling Person; or (ii) an amount equal to actual annual real estate taxes (as determined by the Controlling Person), (y) actual annual insurance expenses (as determined by the Controlling Person), and (z) and amount equal to \$[_____], plus all required deposits into the Replacement Reserve Fund established under the Indenture [and, in the case of both (i) and (ii), \$_____ of debt service associated with the TCAP subordinate loan].

“Favorable Opinion of Bond Counsel” means, with respect to any action, or omission of an action, the taking or omission of which requires such an opinion, an unqualified written opinion of Bond Counsel to the effect that such action or omission does not adversely affect the Federal Tax Status of the Tax-Exempt Bonds under existing law (subject to the inclusion of any customary exceptions acceptable to the recipient thereof).

“Federal Tax Status” means, as to the Tax-Exempt Bonds, the status of the interest on such Tax-Exempt Bonds as excludable from gross income for federal income tax purposes (subject to the exceptions contained in the Approving Opinion of Bond Counsel).

“Fee Owner” has the meaning given to such term in the Regulatory Agreement.

“Final Completion” means, with respect to the Project Facilities, that each of the following conditions has been satisfied:

(i) the Controlling Person shall have received a copy of the final Plans and Specifications containing all Change Orders and there shall have been no Material Change Orders other than Material Change Orders approved by the Controlling Person;

(ii) the Borrower shall have obtained the Governmental Actions, if any, required by the Legal Requirements and all Governmental Authorities associated with the Project Facilities, including use and occupancy permits (if any are required), and shall have furnished true copies of all such Governmental Actions to the Controlling Person. Temporary certificates of occupancy, as opposed to final certificates of occupancy or their equivalent, shall be acceptable provided (A) that the Punchlist Items do not have a total cost to complete exceeding five percent (5%) of the contract price of the Work, nor an estimated time to complete exceeding sixty (60) days (except for items such as landscaping, the completion of which is subject to seasonal conditions), (B) such Punchlist Items do not substantially interfere with or prevent the use and occupancy of the Project Facilities, (C) such Punchlist Items do not include major appliances or materially affect the systems (including plumbing, electrical, HVAC, mechanical, roofing and sprinklers) serving the Project Facilities or major structural components of the Project Facilities, and (D) adequate reserves, in amounts equal to 110% of the cost of completion of such items as estimated by the Architect (or 125%, with respect to the items described in subsection (A) as being subject to seasonal conditions) have been deposited into the Project Fund;

(iii) as to all such Governmental Actions, no appeal or other action or proceeding challenging any such Governmental Actions shall have been filed or, if filed and decided, there shall have been no appeal (or further appeal) taken and all other statutory appeal periods must have expired, and there shall be no claim, litigation or governmental proceeding pending against the Borrower or the Project Facilities challenging the validity or the issuance of any zoning, subdivision or other land use ordinance, variance, permit or approval, or any Governmental Action of the kind described in this subparagraph (iii);

(iv) the Controlling Person shall have received from the Architect, a certificate of the Architect in the form attached as Exhibit A to the form of certificate of completion attached as Schedule 2 to the Loan Agreement and otherwise customary for projects of the

scope of the Work for the Project Facilities with respect to completion of the Work at the Project Facilities;

(v) all Work set forth in the Plans and Specifications for the Project Facilities shall have been incorporated into the Improvements at the Project Facilities;

(vi) except for Permitted Encumbrances and Impositions not then due and payable, the Project Facilities shall be free of any and all private or governmental charges, claims or Liens (filed or not) of any nature, excepting only the liens and security interests in favor of the Trustee and any other encumbrances approved by the Controlling Person in writing;

(vii) with respect to all contractors and subcontractors and materialmen (for contracts less than \$50,000, only as required by the Title Company; provided that the Title Company insures over any mechanics' and materialmen's liens arising from such excepted contractors, subcontractors or materialmen), either (i) the Borrower shall have obtained an unconditional waiver and release upon final payment of mechanics' and materialmen's liens if there are no Punchlist Items, or (ii) if there are Punchlist Items, the Borrower shall have obtained an unconditional waiver and release upon progress payment of mechanics' and materialmen's liens for all of the Improvements at the Project Facilities except for the Punchlist Items, and true copies thereof have been delivered to the Controlling Person; and

(viii) a recorded matters endorsement to the Title Policy insuring the Mortgage as a first lien, subject to Permitted Encumbrances.

“Financing Statements” means any and all financing statements (including continuation statements) or other instruments filed or recorded to perfect the Security Interest created in this Indenture.

“First Optional Redemption Date” means, with respect to the Bonds, the first day of the 174th month following the month in which the Stabilization Date occurs.

“Fiscal Year” means the annual accounting year of the Borrower, which currently begins on [January] 1 of each calendar year.

“Fitch” means Fitch Ratings, Inc., a corporation organized and existing under the laws of the State of Delaware, and its successors and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “Fitch” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Controlling Person, by notice to the Borrower, the Issuer and the Trustee.

“Force Majeure” means circumstances beyond reasonable control, including, any act or provision of any present or future law or regulation or governmental authority, acts of God, strikes, walkouts or other labor disputes, riots, civil or military strife, war, terrorism, earthquakes; lightning, fires, explosions, storms or floods or shortages of labor or materials; sabotage; epidemics; pandemics, or quarantines; interruptions, including cyber-attacks on bank systems, loss or malfunctions of utilities, computer (hardware or software) or communications service or other

causes of a like nature beyond the control of the Borrower or the Trustee, as applicable; provided, however, that the unavailability of sources of financing, the insufficiency of funds, the loss of a tenant or changes in market conditions shall not constitute Force Majeure.

“**GAAP**” means generally accepted accounting principles in effect in the United States from time to time, consistently applied.

“**General Partner**” means DHFC The Ridge at Loop 12 GP, LLC, a Texas limited liability company authorized to conduct its business in the State, the General Partner of the Borrower, together with its successors and assigns, as permitted by the Controlling Person and the restrictions described in the definition of “Permitted Transfer” herein.

“**General Partner Pledge**” means the Pledge of Membership Interests and Security Agreement, dated the date hereof, by the General Partner, in favor of the Trustee.

“**Government Obligations**” means non-callable, non-prepayable (i) direct obligations of the United States of America for the full and timely payment of which the full faith and credit of the United States of America is pledged, and (ii) obligations issued by a Person controlled or supervised by and acting as an instrumentality of the United States of America, the full and timely payment of the principal of, premium, if any, and interest on which is fully guaranteed as a full faith and credit obligation of the United States of America (including any securities described in (i) or (ii) issued or held in book-entry form on the books of the Department of the Treasury of the United States of America), which obligations, in either case, are not subject to redemption prior to maturity at less than par at the option of anyone other than the holder thereof.

“**Governmental Action**” means all permits, authorizations, registrations, consents, certifications, approvals, waivers, exceptions, variances, claims, orders, judgments and decrees, licenses, exemptions, publications, filings, and notices to and declarations of or with any Governmental Authority and shall include all permits and licenses required to construct, use, operate and maintain any of the Project Facilities.

“**Governmental Authority**” means any federal, state, or local governmental or quasi-governmental subdivision, authority, or other instrumentality thereof and any entity asserting or exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government and having jurisdiction over the Borrower and/or the Project Facilities.

“**Gross Cash Receipts**” means all cash receipts of the Borrower from whatever source derived, other than from (i) Required Equity Funds, (ii) any refinancing, sale, transfer or disposition of all or substantially all of the Borrower’s property, (iii) any casualty insurance funds or condemnation proceeds that will be used to repair or replace the Borrower’s property, and (iv) security deposits (not otherwise applied to defaulting tenant payment obligations) and interest thereon.

“**Ground Lease**” means the Ground Lease, dated as of [the Closing Date], between the Borrower, as Tenant, and the Fee Owner, as Landlord.

“Guarantor” means, LDG Multifamily, LLC, a Kentucky limited liability company and LDG Athena Capital LLC, a [Kentucky limited liability company] or any other person or entity which may hereafter become a guarantor of any of the Borrower’s obligations under the Loan Agreement and Note, together with their respective permitted assigns.

“Guaranty of Completion” means the Guaranty of Completion, dated as of the date hereof made by the Guarantor in favor of the Trustee.

“Guaranty of Debt Service and Stabilization” means the Guaranty of Debt Service and Stabilization, dated as of the date hereof, made by the Guarantor in favor of the Trustee.

“Guaranty of Recourse Obligations” means the Guaranty of Recourse Obligations, dated as of the date hereof, made by the Guarantors in favor of the Trustee.

“Hazardous Substances” means any petroleum or petroleum products and their by-products, flammable explosives, radioactive materials, toxic chemicals and substances, radon, asbestos in any form that is or could become friable, urea formaldehyde foam insulation and polychlorinated biphenyls (PCB), asbestos-containing materials (ACMs), lead-containing or lead-based paint (LBP), radon, Mold, medical waste and other bio-hazardous materials and any chemicals, pollutants, materials or substances defined as or included in the definition of “hazardous substances” as defined pursuant to the federal Comprehensive Environmental Response, Compensation and Liability Act, “regulated substances” within the meaning of subtitle I of the federal Resource Conservation and Recovery Act and words of similar import under applicable Environmental Laws.

“Holder” or **“Owner”** means the Person who shall be the registered owner of any Bond.

“Impositions” means, with respect to the Project Facilities, all taxes including, without limitation, all real and personal property taxes, water charges and sewer rents, any special assessments, charges or claims and any other item which at any time may be or become a lien upon the Project Facilities.

“Improvements” means all buildings and other improvements included in the Project Facilities.

“Indebtedness” means, collectively, and includes all present and future indebtedness, liabilities and obligations of any kind or nature whatsoever of the Borrower to the Issuer, the Controlling Person, the Trustee or the Holders from time to time of the Bonds, now existing and hereafter arising, under or in connection with this Indenture or any of the other Bond Documents, including future advances, principal, interest, indemnities, other fees, late charges, enforcement costs and other costs and expenses whether direct or contingent, matured or unmatured and all other obligations of the Borrower to the Controlling Person, the Trustee, the Issuer or the Holders from time to time of the Bonds.

“Indemnified Parties” shall have the meaning given to such term in Section 2.05 of the Loan Agreement.

“Indenture” shall have the meaning given to such term in the first paragraph hereof.

“Initial Bonds” means, collectively, the initial 2025A-1 Bond, 2025A-2 Bond, and 2025B Bond registered by the Comptroller and subsequently canceled and replaced by definitive Bonds pursuant to this Indenture.

“Insurance and Condemnation Proceeds Account” means the account within the Project Fund created pursuant to Section 4.1(a) hereof.

“Insurance Proceeds” means the total proceeds of insurance actually paid or payable by an insurance company in respect of the required insurance on the Project Facilities, less the actual costs incurred, including attorneys’ fees, in the collection of such proceeds.

“Interest Payment Date” means the first (1st) day of each month commencing [FIRST PAYMENT].

“Investor Letter” means an Investor Letter, substantially in the form attached hereto as Exhibit B, with such modifications as may be approved by the Issuer.

“Issuer” has the meaning given to such term in the first paragraph of this Indenture.

“Issuer Administration Fee” means the fee payable annually in advance to the Issuer on each [March] 1, in the amount of 0.10% per annum of the aggregate principal amount of Bonds outstanding at the inception of each payment period. On the Closing Date, the Borrower will pay the Issuer Administration Fee in advance to the Issuer for the period from the Closing Date to [February 28, 2027]. The Trustee will remit to the Issuer (upon receipt of an invoice from the Issuer), payable solely from funds provided by the Borrower, all payments of the Issuer Administration Fee due on or after [March 1, 2027].

“Issuer Compliance Fee” means the fee payable annually in advance to the Issuer on each [March] 1, in the amount of \$25 per Low-Income Unit (as defined in the Regulatory Agreement) in the Project, for the duration of the State Restrictive Period (as defined in the Regulatory Agreement). The first annual Issuer Compliance Fee shall be paid on the Closing Date. The Trustee will remit to the Issuer (upon receipt of an invoice from the Issuer), solely from funds provided by the Borrower, all payments of the Issuer Compliance Fee due on or after [March 1, 2028]. The Issuer Compliance Fee is for bond compliance only, and an additional fee may be charged for tax credit compliance.

“Issuer’s Fees” means, collectively, the Issuer Administration Fee and the Issuer Compliance Fee.

“Legal Requirements” means all statutes, codes, laws, ordinances, regulations, rules, policies, or other federal, state, local and municipal requirements of any Governmental Authority whether now or hereafter enacted or adopted, and all judgments, decrees, injunctions, writs, orders or like action of an arbitrator or a court or other Governmental Authority of competent jurisdiction (including those pertaining to health, safety or the environment).

“Lien” means any lien, mortgage, security interest, tax lien, pledge, encumbrance, conditional sale or title retention arrangement, or any other interest in property designed to secure

the repayment of indebtedness, whether arising by agreement or under any statute or law, or otherwise.

“**Loan**” means the loan of proceeds of the Bonds from the Issuer to the Borrower, as evidenced by the Note and pursuant to the terms of the Loan Agreement.

“**Loan Agreement**” shall have the meaning given to such term in the recitals to this Indenture.

“**Major Contract**” shall mean any subcontract for labor or materials, or both, in connection with the Improvements which is for an aggregate contract price equal to or greater than \$[250,000], whether pursuant to one contract or agreement or multiple contracts or agreements, after taking into account all change orders.

“**Majority Owner**” means any one Person that is the Owner of the Outstanding Bonds; provided, however, if no one Person owns all of the Outstanding Bonds, “Majority Owner” means the Owner or Owners of at least fifty-one percent (51%) in aggregate principal amount of all Outstanding Bonds.

“**Management Agreement**” shall have the meaning ascribed to such term in Section 6.19 of the Loan Agreement.

“**Managing Agent**” means [_____], a [_____], together with any successor manager of the Project Facilities approved by the Controlling Person and their respective successors and assigns.

“**Material Change Order**” means, with respect to the Project Facilities, a Change Order which (i) would result in an increase or decrease of \$[150,000] of contract price of the Work to be performed on the Project Facilities in a single Change Order; (ii) when aggregated with other Change Orders previously effected, would result in an increase or decrease in excess of 5% of the total construction contract; (iii) would reduce the number of apartment units in the Project Facilities; (iv) would materially reduce the aggregate useable square footage of the apartment units or the parking areas in the Project Facilities; (v) would change the number of studio, one, two and three bedroom apartments in the Project Facilities; (vi) would alter the scope of the recreational facilities or ancillary facilities of the Project Facilities; (vii) would alter the number of apartment units in the Project Facilities designated for occupancy by low and moderate income tenants; (viii) makes a substitution for any material or product that is of lesser quality, than that specified in the Plans and Specifications relating to the Project Facilities; or (ix) would materially adversely impair the value of the Project Facilities once the Work is completed.

“**Material Contract**” means each indenture, mortgage, agreement or other written instrument or contract to which the Borrower is a party or by which any of its assets are bound (including, without limitation, any employment or executive compensation agreement, collective bargaining agreement, agreement relating to an Obligation, agreement for the acquisition, construction, repair or disposition of real or personal property, agreement for the purchasing or furnishing of services, operating lease, joint venture agreement, agreement relating to the acquisition or disposition of an Affiliate or agreement of merger or consolidation) which

(i) evidences, secures or governs any outstanding obligation of the Borrower of \$100,000 or more per annum, or (ii) if canceled, breached or not renewed by any party thereto, would have a material adverse effect on the business operations, assets, condition (financial or otherwise) or prospects of the Borrower.

“Maturity Date” means (a) with respect to the 2025A-1 Bonds, [A-1 MATURITY] (b) with respect to the 2025A-2 Bonds, [A-2 MATURITY] and (c) with respect to the 2025B Bonds, [B MATURITY].

“Maximum Rate” means the interest rate equal to the lesser of: (a) 12% per annum, or (b) the maximum interest rate that may be paid on the Bonds under State law pursuant to Chapter 1204 of the Texas Government Code.

“Moisture Management Program” shall have the meaning ascribed to such term in Section 6.14(e) of the Loan Agreement.

“Mold” shall have the meaning ascribed to such term in Section 6.14(e) of the Loan Agreement.

“Monthly Tax and Insurance Amount” means an amount equal to the sum of (i) one-twelfth (1/12th) of the annual Impositions, plus (ii) one-twelfth (1/12th) of the annual insurance premiums for the insurance coverages for the Project Facilities required by Section 6.04 of the Loan Agreement, as any such amounts may be increased if the Controlling Person determines that funds in the Tax and Insurance Escrow Fund will be insufficient to pay Impositions and insurance premiums when due.

“Moody’s” means Moody’s Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, and its successors and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “Moody’s” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Controlling Person, by notice to the Borrower, the Issuer and the Trustee.

“Mortgage” means the Multifamily Leasehold Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing, dated as of the date hereof, made by the Borrower to the Issuer and assigned to the Trustee pursuant to the Assignment of Mortgage Documents.

“Note” means, individually or collectively, as the context may require, the Series A-1 Promissory Note, the Series A-2 Promissory Note and the Series B Promissory Note.

“Obligations” means any and all obligations of the Borrower for the payment of money including without limitation any and all (i) obligations for money borrowed, (ii) obligations evidenced by bonds, debentures, notes, guaranties or other similar instruments, (iii) construction contracts, installment sale agreements and other purchase money obligations in connection with the performance of work, sale of property or rendering of services, (iv) leases evidencing the acquisition of capital assets, (v) obligations under any applicable lease agreement, (vi) reimbursement obligations in connection with letters of credit and other credit enhancement facilities, (vii) obligations for unfunded pension liabilities, (viii) guaranties of any such obligation

of a third party, and (ix) any such obligations of third parties secured by assets of the Borrower; but excluding obligations under contracts for supplies, services and pensions allocable to current Expenses during the current or future Fiscal Years in which the supplies are to be delivered, the services rendered or the pension paid.

“**Operating Reserve Fund**” means the fund of that name created pursuant to the Partnership Agreement.

“**Outstanding**” means, when used with reference to the Bonds at any date as of which the amount of outstanding Bonds is to be determined, all Bonds that have been authenticated and delivered by the Trustee hereunder, except:

- (i) Bonds cancelled or delivered for cancellation at or prior to such date;
- (ii) Bonds deemed to be paid in accordance with Section 5.2 hereof;
- (iii) Bonds in lieu of which others have been authenticated under Sections 2.8 and 2.9 hereof;
- (iv) *Intentionally omitted*; and
- (v) For purposes of any consent, request, demand, authorization, direction, notice, waiver or other action to be taken by the Holders of a specified percentage of Outstanding Bonds hereunder, all Bonds held by or for the account of the Issuer, the Borrower or any Affiliate of the Borrower; provided, however, that for purposes of any such consent, request, demand, authorization, direction, notice, waiver or action the Trustee shall be obligated to consider as not being outstanding only Bonds known by the Trustee by actual notice thereof to be so held; provided, further, that if all of the Bonds are at any time held by or for the account of the Borrower or any Affiliate of the Borrower, then such Bonds shall be deemed to be Outstanding at such time for the purposes of this subparagraph (v).

“**PBGC**” shall have the meaning ascribed to such term in Section 5.11 of the Loan Agreement.

“**Partnership Agreement**” means the First Amended and Restated Agreement of Limited Partnership of the Borrower, dated as of [the Closing Date], as it may be further amended, modified or supplemented from time to time.

“**Permitted Encumbrances**” means only:

- (i) the Regulatory Agreement;
- (ii) the Mortgage;
- (iii) the Ground Lease;
- (iv) encumbrances in the final Title Policy;

(v) Impositions not yet due and payable or being contested in good faith and by appropriate proceedings promptly initiated and diligently conducted if such proceedings do not in the opinion of the Controlling Person involve the risk of the sale, forfeiture or loss of the property subject to such lien or interfere with the operation of the Project Facilities, and provided that the Borrower shall have established a reserve or made other appropriate provision, if any, as shall be required by the Controlling Person, and any foreclosure, distraint, sale or other similar proceedings shall have been effectively stayed;

(vi) statutory liens of landlords and liens of carriers, warehousemen, mechanics and materialmen incurred in the ordinary course of business for sums not yet due or being contested by appropriate proceedings promptly initiated and diligently conducted if (1) such proceedings do not in the opinion of the Controlling Person involve the risk of the sale, forfeiture or loss of the property subject to such lien or interfere with the operation of the Project Facilities, and provided (2) such liens have been bonded or the Borrower shall have established a reserve or made other appropriate provision, if any, as shall be required by the Controlling Person; and

(vii) utility easements for utilities servicing the Project as may be granted from time to time by the Borrower.

“Permitted Investments” means any one or more of the following investments, if and to the extent the same are then legal investments under the applicable laws of the State for moneys proposed to be invested therein; provided the Trustee may rely on the written direction of the Borrower, and is not obligated to verify, that an investment is a legal investment under the applicable laws of the State:

(i) Bonds or other obligations of the United States;

(ii) Bonds or other obligations, the payment of the principal and interest of which is unconditionally guaranteed by the United States;

(iii) Direct obligations issued by the United States or obligations guaranteed in full as to principal and interest by the United States or repurchase agreements with a qualified depository bank or securities dealers fully collateralized by such obligations, maturing on or before the date when such funds will be required for disbursement;

(iv) Obligations of state and local government and municipal bond issuers, which are rated investment-grade by either S&P or Moody’s or other non-rated obligations of such issuers guaranteed or credit enhanced by a Person whose long-term debt or long-term deposits or other obligations are rated investment-grade by either S&P or Moody’s;

(v) Prime commercial paper rated either “A-1” by S&P or “P-1” by Moody’s and, if rated by both, not less than “A-1” by S&P and “P-1” by Moody’s;

(vi) Bankers’ acceptances drawn on and accepted by commercial banks;

(vii) Interests in any money market fund or trust, the investments of which are restricted to obligations described in clauses (i) through (vi) of this definition or obligations determined to be of comparable quality by the board of directors of such fund or trust, including, without limitation, any such money market fund or trust for which the Trustee, an affiliate of the Trustee, a Qualified Custodian or an affiliate of the Qualified Custodian serves as investment manager, administrator, shareholder servicing agent, and/or custodian or subcustodian, notwithstanding that (a) the Trustee or any of its affiliates receive fees from such funds for services rendered, (b) the Trustee charges and collects fees for services rendered pursuant to this Indenture, which fees are separate from the fees received from such funds, and (c) services performed for such funds and pursuant to this Indenture may at times duplicate those provided to such funds by the Trustee or its Affiliates;

(viii) Commercial paper having, at the time of investment or contractual commitment to invest therein, a rating of A-1 or better from S&P or P-1 from Moody's;

(ix) Demand deposits, including interest bearing money market accounts, time deposits, trust funds, trust accounts, overnight bank deposits, interest-bearing deposits, other deposit products, certificates of deposit, including those placed by a third party pursuant to an agreement between the Trustee and the Borrower, or bankers' acceptances of depository institutions, including the Trustee or any of its affiliates, notwithstanding that (a) the Trustee or any of its affiliates receive fees from such funds for services rendered, (b) the Trustee charges and collects fees for services rendered pursuant to this Indenture, which fees are separate from the fees received from such funds, and (c) services performed for such funds and pursuant to this Indenture may at times duplicate those provided to such funds by the Trustee or its Affiliates; and

(x) Such other investments selected by the Borrower as may be authorized by applicable law and consented to by the Controlling Person.

"Permitted Transfer" means, in all cases subject to the provisions of the Regulatory Agreement, (i) a transfer by devise or descent or by operation of law upon the death of a direct or indirect owner in the Borrower, so long as such transfer does not result in a change of management or control of the affected entity, (ii) the transfer of a direct or indirect ownership interest in the General Partner for estate planning purposes, so long as such transfer does not result in a change of management or control of the General Partner, (iii) a transfer of membership interests in the Borrower to the Equity Investor and/or the Special Limited Partner, (iv) a transfer of the membership or partnership interests of the Equity Investor and/or the Special Limited Partner in the Borrower to an Affiliate of such Investor and/or the Special Limited Partner, (v) a transfer of direct or indirect ownership interests in the Equity Investor so long as the direct ownership interests in the Equity Investor are owned or controlled by an Affiliate of the Equity Investor, (vi) (A) a transfer of any direct or indirect ownership interests in the Equity Investor after the contributions by the Equity Investor of all installments of capital contributions required to be made by the applicable Investor pursuant to the terms and conditions of the Partnership Agreement and the initial compliance period with respect to the federal low income housing tax credits allocated with respect to the Project Facilities credit allocated with respect to the Project Facilities (the "Compliance Period") has ended and (B) a transfer of the membership or partnership interests of the Equity Investor in the Borrower after the contributions by the Equity Investor of all installments

of capital contributions required to be made by the applicable Investor pursuant to the terms and conditions of the Partnership Agreement and the Compliance Period has ended, (vii) the removal and replacement of the General Partner and/or the Class B Limited Partner of the Borrower pursuant to the Partnership Agreement, (viii) after the payment in full of all capital contributions under the Partnership Agreement and the Compliance Period has ended, any other transfer, assignment, pledge, hypothecation or conveyance of membership interests in, or change in the members of, the Borrower (and the owners of such members) not described above, in accordance with the terms of the Partnership Agreement, so long as such transfer does not result in a change of Control of the Borrower, or (ix) the extension, amendment or replacement of commercial leases approved by the Controlling Person.

“Person” means any individual, for-profit or not-for-profit corporation, partnership, joint venture, association, limited liability company, limited liability partnership, joint-stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

“Placement Agent” means NewPoint Real Estate Capital Securities LLC, a Delaware limited liability company.

“Plans and Specifications” means, with respect to the Project Facilities, the plans and specifications for the construction of Improvements prepared by the Architect and provided to the Purchaser and approved by the Controlling Person, as the same may be amended, modified or supplemented as permitted under the Loan Agreement through Change Orders or otherwise.

“Pre-Stabilization Loan Equalization Payment” means a prepayment of the Loan by the Borrower on or prior to the Stabilization Date, as such date may be extended in accordance with Section 6.37 of the Loan Agreement, to equalize the amount of the Bonds to meet the computation requirements in determining the Stabilized Loan Amount.

“Principal Payment Date” means (i) each Maturity Date of the Bonds, and (ii) any other date on which the Bonds are redeemed pursuant to the terms hereof.

“Project Costs” means the costs, fees, and expenses associated with the acquisition (including the acquisition of a leasehold interest in the land on which the Project is located), construction, and equipping of the Project Facilities for use as affordable rental housing including but not limited to the cost of materials, appliances, equipment, and other items of tangible personal property, the fees and expenses of architects, contractors, engineers, attorneys, accountants, developers, surveyors, payment of capitalized interest, payment of certain costs and expenses incidental to the issuance of the Bonds and payment of any other costs shown on the Development Budget.

“Project” means an approximately 300-unit multifamily residential rental housing project located or to be located 1100 N. Walton Walker Blvd, Dallas, Dallas County, Texas 75211, and subordinate and related facilities thereto, to be known as The Ridge at Loop 12, the acquisition, construction and equipping of which are being financed by the proceeds of the Bonds, including the site thereof.

“Project Fund” means the fund of that name created pursuant to Section 4.1(a) hereof.

“**Proposed Budget**” shall have the meaning given to such term in Section 6.24 of the Loan Agreement.

“**Punchlist Items**” means any items necessary at the time of the issuance of a temporary use and occupancy permit to complete fully the construction of the Project Facilities in accordance with the Plans and Specifications for the Project Facilities or required for the issuance of a final certificate of occupancy or its equivalent.

“**Purchaser**” means NewPoint Impact Fund I LP, a Delaware limited partnership, and its successors and assigns.

“**QIB**” means a “qualified institutional buyer” as defined in Rule 144A promulgated under the Securities Act, as in effect on the date hereof.

“**Qualified Custodian**” means a bank or trust company with trust powers organized under the laws of the United States of America or any state of the United States, or the District of Columbia, having a combined capital stock, surplus and undivided profits aggregating at least \$50,000,000.

“**Qualified Project Costs**” has the meaning given to such term in the Tax Exemption Agreement.

“**Rebate Amount**” has the meaning given to such term in the Tax Exemption Agreement.

“**Rebate Analyst**” has the meaning given to such term in the Tax Exemption Agreement.

“**Rebate Fund**” means the fund of that name created pursuant to Section 4.1(a) hereof.

“**Record Date**” means with respect to each Interest Payment Date, the Trustee’s close of business on the Business Day before such Interest Payment Date occurs.

“**Redemption Fund**” means the account of that name created pursuant to Section 4.1(a) hereof.

“**Register**” means the register of the record Owners of Bonds maintained by the Trustee.

“**Regulatory Agreement**” means that certain Regulatory and Land Use Restriction Agreement, dated as of [March 1], 2025, among the Issuer, the Trustee, the Fee Owner and the Borrower, as the same may be amended, modified or supplemented from time to time.

“**Regulatory Agreement Default**” shall have the meaning given to such term in Section 7.09(b) of the Loan Agreement.

“**Related Person**” has the meaning given to such term in the Tax Exemption Agreement.

“**Rents**” shall have the meaning assigned to such term in the Mortgage.

“Repayments” means all payments of principal and interest on the Loan required to be paid by the Borrower to the Trustee, as the assignee of the Issuer pursuant to the Loan Agreement.

“Replacement Reserve Agreement” means the Replacement Reserve and Security Agreement, dated as of the date hereof, made by the Borrower in favor of the Trustee.

“Replacement Reserve Fund” means the fund of that name created pursuant to Section 4.1(a) hereof.

“Required Equity Funds” means all installments of equity contributions to be made to the Borrower by the Equity Investor through achievement of Stabilization and funding of the Operating Reserve Fund, subject to and in accordance with the terms of the Partnership Agreement.

“Requisition” means a requisition in the form attached to the Loan Agreement as Exhibit B, together with all invoices, bills of sale, schedules, applications for payment, certifications and other submissions required for the disbursement of the proceeds of the Bonds from the Project Fund pursuant to the terms hereof.

“Reserved Rights” means (a) all of the Issuer’s right, title and interest in and to all reimbursement, costs, expenses and indemnification; (b) the right of the Issuer to amounts payable to it pursuant to Section 2.02 of the Loan Agreement, including the Issuer’s Fees; (c) all rights of the Issuer to receive any Rebate Amount (as defined in the Tax Exemption Agreement) required to be rebated to the United States of America under the Code in connection with the Tax-Exempt Bonds, as described in the Tax Exemption Agreement; (d) all rights of the Issuer to receive notices, reports or other information, and to make determinations and grant approvals or consent hereunder and under the Loan Agreement, the Regulatory Agreement and the Tax Exemption Agreement; (e) all rights of the Issuer of access to the Project and documents related thereto and to specifically enforce the representations, warranties, covenants and agreements of the Borrower set forth in the Loan Agreement, in the Tax Exemption Agreement and in the Regulatory Agreement; (f) any and all rights, remedies and limitations of liability of the Issuer set forth in this Indenture, the Loan Agreement, the Regulatory Agreement, the Tax Exemption Agreement or the Mortgage, as applicable, regarding (1) the negotiability, registration and transfer of the Bonds, (2) the loss or destruction of the Bonds, (3) the limited liability of the Issuer as provided in the Act, this Indenture, the Loan Agreement, the Regulatory Agreement, the Tax Exemption Agreement, the Mortgage or the Note, (4) no liability of the Issuer to third parties, and (5) no warranties of suitability or merchantability by the Issuer; (g) all rights of the Issuer in connection with any amendment to or modification of this Indenture, the Loan Agreement, the Regulatory Agreement, the Tax Exemption Agreement, the Mortgage and the Note; (h) any and all limitations of the Issuer’s liability and the Issuer’s disclaimers of warranties set forth in this Indenture, the Regulatory Agreement, the Tax Exemption Agreement or the Loan Agreement, and the Issuer’s right to inspect and audit the books, records and permits of the Borrower and the Project; and (i) any and all rights under the Loan Agreement and the Regulatory Agreement required for the Issuer to enforce or to comply with Section 2306.186 of the Texas Government Code.

“Resolution” means the resolution adopted by the Issuer on [January 16, 2025], duly authorizing and directing the issuance, sale and delivery of the Bonds.

“**Retainage**” means a holdback of ten percent (10%) of all amounts required to be paid to the Contractor under the Construction Contract until the Project has been 50% completed, as determined by the Controlling Person, after which time no further Retainage shall be withheld.

“**Sale**” means the direct or indirect sale, agreement to sell, assignment, transfer, conveyance, hypothecation, lien, mortgage, grant of a security interest in or a deed to secure debt or deed of trust with respect to, encumbrance, lease, sublease or other disposition of the Project Facilities, or any part thereof or interest therein whether voluntary, involuntary, by operation of law or otherwise, other than (i) the leasing of individual residential units to tenants, (ii) the extension, amendment, renewal or replacement of commercial leases currently in effect, and (iii) the grant of easements for utilities and similar purposes in the ordinary course provided, such easements do not impair the use of the Project Facilities or diminish the value of the Project Facilities. “Sale” shall also include the direct or indirect sale, transfer, assignment, pledge, hypothecation or conveyance of legal or beneficial ownership of (a) equity ownership interests in the Borrower, (b) a controlling interest in the aggregate, at any time or times, of the equity ownership interests in the General Partner, or (c) the substitution of a new General Partner in the Borrower without the Controlling Person’s written consent, which it may withhold in its sole discretion; provided, however, that “Sale” shall not include a Permitted Transfer.

“**S&P**” means S&P Global Ratings, a division of S&P Global, Inc., a corporation organized and existing under the laws of the State of New York, and its successors and, if such company shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “S&P” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Controlling Person, by notice to the Borrower, the Issuer and the Trustee.

“**Securities Act**” means the United States Securities Act of 1933, as amended, and the rules, regulations and published interpretations of the Securities and Exchange Commission promulgated thereunder from time to time.

“**Security**” shall have the meaning given to such term in the Granting Clauses of this Indenture.

“**Security Interest**” or “**Security Interests**” means the security interests created herein and shall have the meanings set forth in the UCC.

“**Series A-1 Promissory Note**” means that certain Promissory Note executed by Borrower with respect to the 2025A-1 Bonds, dated the Closing Date, as endorsed by the Issuer to the Trustee, in the form attached to the Loan Agreement as Exhibit A-1.

“**Series A-2 Promissory Note**” means that certain Promissory Note executed by Borrower with respect to the 2025A-2 Bonds, dated the Closing Date, as endorsed by the Issuer to the Trustee, in the form attached to the Loan Agreement as Exhibit A-2.

“**Series B Promissory Note**” means that certain Promissory Note executed by Borrower with respect to the 2025B Bonds, dated the Closing Date, as endorsed by the Issuer to the Trustee, in the form attached to the Loan Agreement as Exhibit A-3.

“**Servicer**” means NewPoint Real Estate Capital LLC, or any other entity appointed by the Controlling Person to service the Loan.

“**Special Limited Partner**” means LDG The Ridge at Loop 12 SLP, LLC, a Texas limited liability company, and its permitted successors and assigns.

“**Stabilization**” means the point at which (i) the Improvements have been ninety percent (90%) occupied by qualified tenants meeting the requirements of the Bond Documents in each of the prior three (3) consecutive months; (ii) the Stabilized Loan Amount is determined; (iii) any Pre-Stabilization Loan Equalization Payment has been made to reduce the Bonds to remain Outstanding on the Stabilization Date to the Stabilized Loan Amount; (iv) no Event of Default or event which, with the passage of time or the giving of notice or both, would constitute an Event of Default shall have occurred and be then continuing under the Bond Documents; (v) the Project Facilities shall have achieved Final Completion; (vi) if applicable, the Favorable Opinion of Bond Counsel required pursuant to Section 3.4(b)(iii) of the Indenture has been delivered; (vii) the as-built ALTA Survey has been delivered pursuant to Section 6.09(l) of the Loan Agreement, (viii) the final date-down endorsement for the Title Policy insuring the lien of the Mortgage, and (ix) the Project Facilities are eligible for low-income housing tax credits and the Borrower has taken all steps necessary to obtain allocation of such low-income housing tax credits to the Project Facilities, each as determined or approved by the Controlling Person in its sole discretion.

“**Stabilization Date**” means the earlier to occur of: (i) the date specified by the Controlling Person that all of the conditions to achievement of Stabilization have been satisfied; or (ii) [January 1, 2028], as the same may be extended pursuant to Section 6.37 of the Loan Agreement.

“**Stabilized Loan Amount**” means the Loan amount determined by computing the ratio of Stabilized NOI in each of the prior three (3) consecutive months to the maximum principal and interest payable in any month subsequent to the Stabilization Date, other than the month in which the Maturity Date occurs, on the Loan amount that equals or exceeds 1.15 to 1.0.

“**Stabilized NOI**” means, for any period, (x) Effective Gross Revenues for such period less (y) Expenses for such period, as determined or approved by the Controlling Person, in its sole discretion.

“**State**” has the meaning given to such term in the recitals to this Indenture.

“**Subordinate Debt**” means the loan of certain funds from the Tax Credit Assistance Program (TCAP) Repayment Funds in the maximum principal amount of \$[10,000,000] by the Texas Department of Housing and Community Affairs, a public and official agency of the State of Texas, to the Borrower, as evidenced and secured by a subordinate mortgage encumbering the Project.

“**Substantial User**” has the meaning given to such term in the Tax Exemption Agreement.

“**Surplus Bond Proceeds**” means all moneys and any unliquidated investments remaining in the Bond Proceeds Account of the Project Fund or the Capitalized Interest Account (including subaccounts therein) upon Final Completion and after payment in full of the Project Costs (except

for proceeds of the Bonds being retained to pay for Project Costs not then due and payable for which the Trustee shall have retained amounts pursuant to the Loan Agreement).

“**Surplus Fund**” means the fund of that name created pursuant to Section 4.1(a) hereof which Surplus Fund includes a Series A-1 Bond Surplus Subaccount, a Series A-2 Bond Surplus Subaccount, and a Series B Bond Surplus Subaccount.

“**Tax and Insurance Escrow Fund**” means the fund of that name created pursuant to Section 4.1(a) hereof.

“**Tax Exemption Agreement**” means Tax Exemption Certificate and Agreement dated of even date with this Indenture, among the Issuer, the Borrower and the Trustee, and any and all amendments or supplements thereto.

“**Tax-Exempt Bonds**” has the meaning given to such term in the recitals to this Indenture.

“**Third Party Costs**” means the ongoing fees of the Issuer, the Trustee, the Rebate Analyst, or any other third party in connection with the Bonds.

“**Title Company**” means the title insurance company insuring the lien of the Mortgage on the Closing Date together with any successor title company approved by the Controlling Person.

“**Title Policy**” means the mortgagee’s title insurance policy relating to the Project Facilities issued by the Title Company to the Trustee, effective on the date of recording of the Mortgage, as the same may be subsequently down-dated or endorsed from time to time, with the approval of the Controlling Person.

“**Transfer**” means (i) a sale, assignment, transfer, or other disposition (whether voluntary, involuntary or by operation of law); (ii) the grant, creation, or attachment of a lien, encumbrance, or security interest (whether voluntary, involuntary or by operation of law); (iii) the issuance or other creation of a direct or indirect ownership interest; or (iv) the withdrawal, retirement, removal or involuntary resignation of any owner or manager of a legal entity.

“**Trust Indenture Act**” means the Trust Indenture Act of 1939, as amended.

“**Trustee**” shall have the meaning given to such term in the first paragraph of this Indenture, in its capacity as such, until a successor trustee shall have become such pursuant to the applicable provisions of this Indenture, and thereafter “**Trustee**” shall mean or include each Person who is then a Trustee hereunder.

“**Trustee Fees**” means the ongoing compensation and expenses payable to the Trustee as follows: (a) the acceptance fee of the Trustee of \$3,500.00 payable on the Closing Date; (b) the annual administration fees and expenses of the Trustee, as Trustee, Registrar, and Paying Agent of \$10,000.00 per year for the ordinary services of the Trustee rendered under this Indenture during each twelve-month period, payable annually in advance beginning on the Closing Date and thereafter on each anniversary of the Closing Date, which fees may increase from time to time as determined by the Trustee, and which fees shall be paid by the Borrower from moneys other than from the Security; (c) the reasonable fees and charges of the Trustee for extraordinary services

rendered by it and extraordinary expenses incurred by it under this Indenture as and when the same become due, including reasonable counsel fees (including in-house counsel fees and fees prior to litigation, at trial, in insolvency proceedings or for appellate proceedings); provided, further, that the Trustee shall not be required to undertake any such extraordinary services unless provision for payment of extraordinary expenses satisfactory to the Trustee shall have been made; and (d) for purposes of the Loan Agreement, indemnification of the Trustee by the Borrower.

“**2025A-1 Bonds**” shall have the meaning given to such term in the recitals to this Indenture.

“**2025A-2 Bonds**” shall have the meaning given to such term in the recitals to this Indenture.

“**2025B Bonds**” shall have the meaning given to such term in the recitals to this Indenture.

“**UCC**” means the Uniform Commercial Code of the State as now in effect or hereafter amended.

“**Underwritten Management Fee**” means three percent (3.0%) of gross income received from the Project Facilities on account of rents, service fees, late charges, penalties and other charges under leases.

“**Work**” means the items of construction of the Improvements required to be performed under the Plans and Specifications for the Improvements.

Section 1.2 Rules of Construction. Unless the context clearly indicates to the contrary, the following rules shall apply to the construction of this Indenture:

(a) All terms defined in the Loan Agreement and not defined herein shall have the meanings given to such terms in the Loan Agreement.

(b) Words importing the singular number shall include the plural number and vice versa.

(c) The table of contents, captions, and headings herein are for convenience of reference only and shall not constitute a part of this Indenture nor shall they affect its meaning, construction or effect.

(d) Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders, and words of the neuter gender shall be deemed and construed to include correlative words of the masculine and feminine genders.

(e) All references in this Indenture to particular Articles or Sections are references to Articles or Sections of this Indenture, unless otherwise indicated.

ARTICLE II
SOURCE OF PAYMENTS, GENERAL TERMS AND
PROVISIONS OF THE BONDS

Section 2.1 Ratably Secured. All Bonds issued hereunder are and are to be, to the extent provided in this Indenture, equally and ratably secured by this Indenture without preference, priority or distinction on account of the actual time or times of the authentication, delivery or maturity of the Bonds so that subject as aforesaid, all Bonds at any time Outstanding shall have the same right, lien and preference under and by virtue of this Indenture and shall all be equally and ratably secured hereby with like effect as if they had all been executed, authenticated and delivered simultaneously on the date hereof, whether the same, or any of them, shall actually be disposed of at such date, or whether they, or any of them, shall be disposed of at some future date.

Section 2.2 Security. The Bonds and the interest and any premium thereon shall be limited obligations of the Issuer as provided in Section 10.8 hereof and shall be secured by and payable from the Security pledged and assigned to the Trustee by the Issuer pursuant to the Granting Clauses hereof.

NOTWITHSTANDING ANYTHING HEREIN CONTAINED TO THE CONTRARY, ANY OBLIGATION WHICH THE ISSUER MAY INCUR UNDER THIS INDENTURE OR UNDER ANY INSTRUMENT EXECUTED IN CONNECTION HEREWITH WHICH SHALL ENTAIL THE EXPENDITURE OF MONEY SHALL NOT BE A GENERAL OBLIGATION OF THE ISSUER, BUT IS A SPECIAL, LIMITED OBLIGATION OF THE ISSUER SECURED BY THE SECURITY, ARE AND WILL ALWAYS BE PAYABLE SOLELY FROM THE REVENUES AND INCOME DERIVED FROM THE SECURITY (EXCEPT TO THE EXTENT PAID OUT OF MONEYS ATTRIBUTABLE TO PROCEEDS OF THE BONDS OR THE INCOME FROM THE TEMPORARY INVESTMENT THEREOF), AND ARE AND WILL ALWAYS BE A VALID CLAIM OF THE OWNER THEREOF ONLY AGAINST THE REVENUES AND INCOME DERIVED FROM THE SECURITY, WHICH REVENUES AND INCOME MAY BE USED FOR NO OTHER PURPOSE THAN TO PAY THE PRINCIPAL INSTALLMENTS OF, REDEMPTION PREMIUM, IF ANY, AND INTEREST ON THE BONDS, EXCEPT AS MAY BE EXPRESSLY AUTHORIZED OTHERWISE IN THIS INDENTURE AND IN THE LOAN AGREEMENT. THE BONDS AND THE OBLIGATION TO PAY INTEREST THEREON AND REDEMPTION PREMIUM, IF ANY, DO NOT NOW AND WILL NEVER CONSTITUTE A DEBT OR AN OBLIGATION OF THE STATE OF TEXAS OR ANY POLITICAL SUBDIVISION THEREOF AND NEITHER THE STATE NOR ANY POLITICAL SUBDIVISION THEREOF WILL BE LIABLE THEREFOR. THE BONDS ARE NOT AND DO NOT CREATE OR CONSTITUTE IN ANY WAY AN OBLIGATION, A DEBT OR A LIABILITY OF THE STATE OF TEXAS OR ANY POLITICAL SUBDIVISION THEREOF, OR CREATE OR CONSTITUTE A PLEDGE, GIVING OR LENDING OF THE FAITH, CREDIT, OR TAXING POWER OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF. THE ISSUER HAS NO TAXING POWER.

Section 2.3 Payment of Bonds and Performance of Covenants. The Issuer shall promptly pay, but only out of the Security, the principal of, premium, if any, and interest on the

Bonds at the place, on the dates and in the manner provided in the Bonds. The Issuer shall promptly perform and observe all covenants, undertakings and obligations set forth herein, in the Bonds or in the other Bond Documents to which the Issuer is a party on its part to be performed or observed. The Issuer shall fully cooperate with the Trustee in the enforcement by the Trustee of any such rights granted to the Issuer under the Loan Agreement and the other Bond Documents to which the Issuer is a party.

Section 2.4 Execution; Limited Obligation.

(a) The Bonds shall be executed on behalf of the Issuer by the manual, electronic or facsimile signature of the Chair and Vice Chair of the Issuer, or in their absence, any Authorized Officer of the Issuer, and the Secretary or Assistant Secretary of the Board shall attest to the same. In case any officer whose manual, electronic or facsimile signature shall appear on the Bonds shall cease to be such officer before the delivery of such Bonds, such manual, electronic or facsimile signatures shall nevertheless be valid and sufficient for all purposes.

THE BONDS, TOGETHER WITH INTEREST THEREON, AND REDEMPTION PREMIUM, IF ANY, ARE NOT GENERAL OBLIGATIONS OF THE ISSUER, BUT ARE SPECIAL, LIMITED OBLIGATIONS OF THE ISSUER SECURED BY THE SECURITY, ARE AND WILL ALWAYS BE PAYABLE SOLELY FROM THE REVENUES AND INCOME DERIVED FROM THE SECURITY (EXCEPT TO THE EXTENT PAID OUT OF MONEYS ATTRIBUTABLE TO PROCEEDS OF THE BONDS OR THE INCOME FROM THE TEMPORARY INVESTMENT THEREOF), AND ARE AND WILL ALWAYS BE A VALID CLAIM OF THE OWNER THEREOF ONLY AGAINST THE REVENUES AND INCOME DERIVED FROM THE SECURITY, WHICH REVENUES AND INCOME MAY BE USED FOR NO OTHER PURPOSE THAN TO PAY THE PRINCIPAL INSTALLMENTS OF, REDEMPTION PREMIUM, IF ANY, AND INTEREST ON THE BONDS, EXCEPT AS MAY BE EXPRESSLY AUTHORIZED OTHERWISE IN THIS INDENTURE AND IN THE LOAN AGREEMENT. THE BONDS AND THE OBLIGATION TO PAY INTEREST THEREON AND REDEMPTION PREMIUM, IF ANY, DO NOT NOW AND WILL NEVER CONSTITUTE A DEBT OR AN OBLIGATION OF THE STATE OF TEXAS OR ANY POLITICAL SUBDIVISION THEREOF AND NEITHER THE STATE NOR ANY POLITICAL SUBDIVISION THEREOF WILL BE LIABLE THEREFOR. **THE BONDS ARE NOT AND DO NOT CREATE OR CONSTITUTE IN ANY WAY AN OBLIGATION, A DEBT OR A LIABILITY OF THE STATE OF TEXAS OR ANY POLITICAL SUBDIVISION THEREOF, OR CREATE OR CONSTITUTE A PLEDGE, GIVING OR LENDING OF THE FAITH, CREDIT, OR TAXING POWER OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF. THE ISSUER HAS NO TAXING POWER.** The foregoing statement of limitation shall appear on the face of each Bond.

Anything in this Indenture to the contrary notwithstanding, it is expressly understood by the parties to this Indenture that (a) the Issuer and the Trustee may rely exclusively on the truth and accuracy of any certificate, opinion, notice or other instrument furnished to the Issuer by the Trustee or any Holder as to the existence of any fact or state of affairs, (b) the Issuer shall not be under any obligation under this Indenture to perform any record keeping or to provide any legal services, it being understood that such services shall be performed or caused to be performed by the Trustee or by the Holders, and (c) none of the provisions of this Indenture shall require the

Issuer or the Trustee to expend or risk its own funds or otherwise to incur liability in the performance of any of its duties or in the exercise of any of its rights or powers under this Indenture, unless it shall first have been adequately indemnified to its satisfaction against any costs, expenses and liability which it may incur as a result of taking such action.

Section 2.5 Certificate of Authentication. No Bonds shall be secured hereby or entitled to the benefit hereof or shall be or become valid or obligatory for any purpose unless there shall be endorsed thereon, either (i) the registration certificate of the Comptroller or (ii) a certificate of authentication, substantially in the form as set forth in the Form of Bonds referred to in Sections 2.6 and 3.1 hereof, executed by an authorized representative of the Trustee and such certificate on any Bond issued by the Issuer shall be conclusive evidence and the only competent evidence that it has been duly authenticated and delivered hereunder.

Section 2.6 Form of Bonds; Initial Bonds.

(a) The Bonds shall be issued as fully registered bonds without coupons in Authorized Denominations only. Except for the Initial Bonds which shall be numbered IA1-1, IA2-1 and IB-1, respectively, the Bonds of each series shall be numbered beginning with “RA1-”, “RA2-” and “RB-“, respectively, and numbered separately from “1” consecutively upwards bearing numbers not then contemporaneously outstanding (in order of issuance) according to the records of the Trustee.

(b) The Initial Bonds shall be identical to the Forms of Bond attached as Exhibit A-1, Exhibit A-2 and Exhibit A-3 hereto; provided, the Initial Bonds shall be payable to the Purchaser and registered by the Comptroller. The provisions of Exhibit A-1, Exhibit A-2 and Exhibit A-3 may be rearranged or re-ordered for purposes of the Initial Bonds.

(c) The Bonds, the Comptroller registration certification, the Trustee’s certificate of authentication and the form of assignment shall be in substantially the form set forth as Exhibit A-1, Exhibit A-2, and Exhibit A-3 hereto, with such appropriate variations, omissions, substitutions and insertions as are permitted or required hereby or are required by law and may have such letters, numbers or other marks of identification and such legends and endorsements placed thereon as may be required to comply with any applicable laws or rules or regulations, or as may, consistent herewith, be determined by the officer of the Issuer executing such Bonds, as evidenced by such officer’s execution of the Bonds.

(d) Bonds shall be in either typewritten or printed form, as the Borrower shall direct, on behalf of the Issuer, with approval of the Trustee. Any expenses, including but not limited to expenses of printing, incurred in connection with the preparation of the Bonds shall be paid by the Borrower.

Section 2.7 Delivery of Bonds, Conditions to Closing.

(a) Upon the execution and delivery hereof, the Issuer shall execute the Initial Bonds and deliver them to the Trustee. Upon receipt of the Initial Bonds, the Trustee shall cancel such Initial Bonds and shall authenticate exchange Bonds to be delivered or upon the order of the Purchaser.

(b) Prior to the authentication by the Trustee and delivery to the Purchaser of the Bonds, there shall be filed with and/or delivered to the Trustee (all of which may be provided electronically):

- (i) A certified copy of the Resolution; and
- (ii) An executed counterpart of each of the documents specifically listed in the definition of “Bond Documents” (and with respect to the Note, endorsed without recourse by the Issuer to the Trustee); and
- (iii) Copies of any Financing Statements required to be filed to perfect the security interests in the Security or under Section 3.02 of the Loan Agreement; and
- (iv) *Intentionally omitted*; and
- (v) An executed counterpart of the Tax Exemption Agreement; and
- (vi) The Initial Bonds registered by the Comptroller and the Opinions of the Attorney General of the State of Texas approving the Bonds; and
- (vii) An opinion of Bond Counsel or Counsel to the Issuer to the effect that this Indenture, the Loan Agreement and the Bond Placement Agreement have been duly authorized, executed and delivered by the Issuer and are legal, valid and binding agreements of the Issuer; and
- (viii) The Approving Opinion of Bond Counsel; and
- (ix) A supplemental opinion of Bond Counsel, addressed to the Issuer, the Trustee, the Placement Agent and the Purchaser, that, under existing law, the Bonds may be offered and sold without registration under the Securities Act of 1933, as amended, and that this Indenture is not required to be qualified under the Trust Indenture Act of 1939, as amended; and
- (x) An opinion of Counsel for the Borrower to the effect that the Continuing Disclosure Agreement and the Bond Documents to which it is a party have been duly authorized, executed and delivered by the Borrower and are legal, valid and binding agreements of the Borrower and such other opinions as are required by the Bond Placement Agreement or reasonably requested by the Controlling Person or the Majority Owner; and
- (xi) The purchase price equal to the aggregate original principal amount of the Bonds from the Purchaser; and
- (xii) The written request and authorization to the Trustee by the Issuer to authenticate and deliver the Bonds to the Purchaser upon receipt by the Trustee of the purchase price for the Bonds; and
- (xiii) All amounts required to be deposited in the funds and accounts created in Section 4.2 hereof, pursuant to the Closing Memorandum; and

(xiv) The Investor Letter executed by the Purchaser; and

(xv) Such other documents as may be required by the Issuer, the Trustee, Bond Counsel, the Controlling Person or the Purchaser.

The Trustee shall deem the requirements of clauses (iii), (x) and (xv) satisfied upon delivery to the Trustee of the opinions referenced in Sections 2.5(b)(viii) and 2.5(b)(ix) hereof.

(c) Upon receipt of the foregoing, the Trustee shall authenticate and deliver the Bonds as provided in the written instructions of the Issuer to the Trustee.

Section 2.8 Mutilated, Lost, Stolen or Destroyed Bonds. If any Bond is mutilated, lost, stolen or destroyed, the Issuer may execute and the Trustee may authenticate and deliver a new Bond of the same series, maturity, interest rate, principal amount and tenor in lieu of and in substitution for the Bond mutilated, lost, stolen or destroyed; provided, that there shall be first furnished to the Trustee evidence satisfactory to it and the Issuer of the ownership of such Bond and of such loss, theft or destruction (or, in the case of a mutilated Bond, such mutilated Bond shall first be surrendered to the Trustee), together with indemnity satisfactory to the Trustee and the Issuer and compliance with such other reasonable regulations as the Issuer and the Trustee may prescribe. If any such Bond shall have matured or a redemption date pertaining thereto shall have passed, instead of issuing a new Bond the Issuer may pay the same without surrender thereof. The Issuer and the Trustee may charge the Holder of such Bond with their reasonable fees and expenses in connection with this Section.

Section 2.9 Exchangeability and Transfer of Bonds; Persons Treated as Owners.

(a) The Register and all other records relating to the registration of the Bonds and the registration of transfer of the Bonds as provided herein shall be kept by the Trustee. The Bonds shall be transferable only on the registration books of the Trustee. The Trustee shall maintain books or other records showing the name and date of registration, address and employer identification number of the registered owner or owners of the Bonds and any transfers of the Bonds as provided herein, which books shall be maintained by the Trustee for such purpose consistent with the registration requirements of the Code applicable to tax-exempt obligations and which shall be open to inspection by the Issuer. The Bonds shall initially be registered to the Purchaser.

(b) Any Holder of a Bond, in person or by his/her duly authorized attorney, may transfer title to his/her Bond on the Register to an Approved Transferee upon surrender thereof at the designated corporate trust office of the Trustee, by providing the Trustee with (i) a written instrument of transfer (in substantially the form of assignment attached to the Bond) executed by the Holder or such Holder's attorney, duly authorized in writing and (ii) an Investor Letter executed by the transferee of the Bond in accordance with Section 2.17 hereof; and thereupon, the Issuer shall execute and the Trustee shall authenticate and deliver in the name of the transferee or transferees a new Bond or Bonds of the same series, aggregate principal amount and tenor as the Bond surrendered (or for which transfer of registration has been effected) and of any Authorized Denomination or Authorized Denominations.

(c) Bonds may be exchanged upon surrender thereof at the designated corporate trust office of the Trustee with a written instrument of transfer satisfactory to the Trustee executed by the Holder or such Holder's attorney duly authorized in writing, for an equal aggregate principal amount of Bonds of the same series and tenor as the Bonds being exchanged and of any Authorized Denomination or Authorized Denominations. The Issuer shall execute, and the Trustee shall authenticate and deliver, Bonds that the Holder making the exchange is entitled to receive, bearing numbers not contemporaneously then outstanding.

(d) Such registrations of transfer or exchanges of Bonds shall be without charge to the Holders of such Bonds, but any taxes or other governmental charges required to be paid with respect to the same shall be paid by the Holder of the Bond requesting such registration of transfer or exchange as a condition precedent to the exercise of such privilege. Any service charge made by the Trustee for any such registration of transfer or exchange and all reasonable expenses of the Issuer shall be paid by the Borrower.

(e) The person in whose name any Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of or on account of either principal or interest shall be made only to or upon the order of the registered owner thereof or his/her duly authorized attorney. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

(f) All Bonds issued upon any registration of transfer or exchange of Bonds shall be legal, valid and binding limited obligations of the Issuer, evidencing the same debt, and entitled to the same security and benefits under this Indenture, as the Bonds surrendered upon such registration of transfer or exchange.

(g) *Intentionally omitted.*

(h) Other than to receive an Investor Letter as provided herein, the Trustee shall have no obligation to monitor, determine or inquire as to compliance with any restrictions on transfer imposed under this Indenture or under applicable law with respect to any transfer of the Bonds or any interest therein.

Section 2.10 Non-presentment of Bonds. In the event any Bond shall not be presented for payment when the principal thereof becomes due, either at maturity or at the date fixed for redemption thereof or otherwise, if funds sufficient to pay the principal of and interest on such Bond shall have been made available to the Trustee for the benefit of the Holder or Holders thereof, all liability of the Issuer and the Borrower to the owner thereof for the payment of such Bond or portion thereof as the case may be, shall forthwith cease, terminate and be completely discharged, and thereupon it shall be the duty of the Trustee, subject to any applicable escheat laws, to hold such fund or funds uninvested in the Bond Fund, without liability to the Holder of such Bond for interest thereon, for the benefit of the Holder of such Bond, who shall thereafter be restricted exclusively to such fund or funds, for any claim of whatever nature on his/her part on, or with respect to, said Bond, or portion thereof.

Section 2.11 Intentionally omitted.

Section 2.12 Authority. The Issuer represents and warrants that (i) it is duly authorized under the laws of the State to issue the Bonds, and to execute, deliver and perform the terms of the Loan Agreement and this Indenture; (ii) all action on its part for the issuance of the Bonds and execution and delivery of the Bond Documents to which it is a party has been duly taken; (iii) the Bonds, upon issuance and authentication, and the Bond Documents to which it is a party upon delivery, assuming that they are the respective legal, valid, binding and enforceable obligations of the other parties thereto, shall be valid and enforceable obligations of the Issuer in accordance with their terms, except as enforceability may be limited by bankruptcy, insolvency or other similar laws affecting the enforcement of creditors' rights generally and general equitable principles; (iv) it has not heretofore conveyed, assigned, pledged, granted a security interest in or otherwise disposed of the Security; (v) it has not received any payments under the Loan Agreement; (vi) without making any independent investigation, it has no knowledge of any right of set-off, defense or counterclaim to payment or performance of the terms or conditions of the Loan Agreement; and (vii) the execution, delivery and performance of the Bond Documents to which it is a party and issuance of the Bonds are not in contravention of law or any agreement, instrument, indenture or other undertaking to which it is a party or by which it is bound and no other approval, consent or notice from any governmental agency is required on the part of the Issuer.

Section 2.13 No Litigation. The Issuer represents and warrants that there is no action, suit, proceeding, inquiry or investigation at law or in equity or before or by any court, public board or body pending, or, to the knowledge of the Issuer, threatened against or affecting the Issuer wherein an unfavorable decision, ruling or finding would adversely affect the (i) transactions contemplated by, or the validity or enforceability of, the Bonds, this Indenture or the other Bond Documents to which the Issuer is a party, or (ii) Federal Tax Status of the Tax-Exempt Bonds.

Section 2.14 Further Assurances. The Issuer covenants that it will cooperate to the extent necessary with the Borrower and the Trustee in their defenses of the Security against the claims and demands of all Persons and, upon payment or provision for payment of the fees and expenses to be incurred by the Issuer in connection therewith, will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered such indentures supplemental hereto and such further acts, instruments and transfers as the Trustee may reasonably require for the better pledging of the Security. Except for any amendment, modification, supplement, waiver or consent related to the Reserved Rights, the Issuer shall not cause or permit to exist any amendment, modification, supplement, waiver or consent with respect to the Loan Agreement without the prior written consent of the Trustee, which consent shall be governed by Article VIII hereof.

Section 2.15 No Other Encumbrances; No Dissolution. The Issuer covenants that, (i) except as otherwise provided herein and in the Loan Agreement, it will not sell, convey, mortgage, encumber or otherwise dispose of any portion of the Security, and (ii) to the fullest extent permitted by applicable law, for so long as the Bonds are Outstanding, it will not dissolve, terminate or permit itself to be dissolved or terminated without a successor to its obligations hereunder and under the Bonds having assumed its obligations hereunder and under the Bonds.

Section 2.16 No Personal Liability. (a) All covenants, stipulations, promises, agreements and obligations of the Issuer contained in this Indenture shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the Issuer and not of any of its

officers or employees or members of its Governing Board, past, present or future, in his or her individual capacity, and no recourse shall be had for the payment of the principal of, premium, if any, or interest on the Bonds or for any claim based thereon or hereunder against any such officer or employee of the Issuer or member of its Governing Board or any natural person executing the Bonds.

(b) No agreements or provisions contained in this Indenture nor any agreement, covenant, or undertaking by the Issuer contained in any document executed by the Issuer in connection with the Project, or the issuance, sale, and delivery of the Bonds shall give rise to any pecuniary liability of the Issuer or a charge against its general credit, or shall obligate the Issuer financially in any way except as may be payable from the payments by the Borrower under the Loan Agreement or the Note and the proceeds of the Bonds and the other amounts held as part of the Security under this Indenture. No failure of the Issuer to comply with any term, condition, covenant, or agreement herein or in any document executed by the Issuer in connection with the issuance and sale of the Bonds shall subject the Issuer to liability for any claim for damages, costs, or other financial or pecuniary charge except to the extent that the same can be paid or recovered from the payments by the Borrower under the Loan Agreement or proceeds of the Bonds or the other amounts held as part of the Security under this Indenture. Nothing herein shall preclude a proper party in interest from seeking and obtaining, to the extent permitted by law, specific performance against the Issuer for any failure to comply with any term, condition, covenant, or agreement herein, provided that no costs, expenses, or other monetary relief shall be recoverable from the Issuer except as may be payable from the Security or from the proceeds of the Bonds or from the other amounts held as part of the Security under this Indenture.

(c) No recourse shall be had for the payment of the principal of or premium or interest on any of the Bonds or for any claim based thereon or upon any obligation, covenant, or agreement contained in this Indenture against any past, present or future officer, director, member, employee, or agent of the Issuer, or of any successor agency, as such, either directly or through the Issuer or any successor agency, under any rule of law or equity, statute, or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such officers, directors, members, employees, or agents, as such, is hereby expressly waived and released as a condition of, and consideration for, the execution of this Indenture and the issuance of such Bonds.

(d) Anything in this Indenture to the contrary notwithstanding, it is expressly understood and agreed by the parties hereto that (a) the Issuer may rely conclusively on the truth and accuracy of any certificate, opinion, notice, or other instrument furnished to the Issuer by the Trustee or the Borrower as to the existence of any fact or state of affairs required hereunder to be noticed by the Issuer; (b) the Issuer shall not be under any obligation hereunder to perform any record keeping or to provide any legal services; and (c) none of the provisions of this Indenture shall require the Issuer to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers hereunder, unless it shall first have been adequately indemnified to its satisfaction against the cost, expenses, and liability which may be incurred thereby.

(e) Neither the members of the Governing Board of the Issuer nor any person executing the Bonds shall be liable personally on the Bonds by reason of the issuance thereof. The Bonds are issued pursuant to the Act, and the Bonds shall so state on their face, and shall state that the

Bonds shall not be a debt of the Issuer, or the State, or any political subdivision thereof; and none of the Issuer, the State or any political subdivision thereof shall be liable thereon; nor in any event shall such Bonds or obligations be payable out of any funds or properties other than those of the Issuer identified herein.

Section 2.17 Restrictions on Ownership and Transfer. Notwithstanding any other provision hereof, no transfer of a Bond (or any interest therein) shall be made except to an Approved Transferee who shall furnish to the Trustee and the Issuer an Investor Letter substantially in the form set forth in Exhibit B hereto, with only such modifications as may be consented to by the Issuer (such consent to be exercised in the Issuer’s sole discretion). The Trustee and the Issuer shall be entitled to rely, without inquiry, on the statements on such Investor Letter.

Each purchaser acknowledges that each Bond will contain a legend substantially to the following effect:

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT, OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. THE HOLDER OF THIS SECURITY BY ITS ACCEPTANCE HEREOF AGREES TO TRANSFER SUCH SECURITY ONLY (A) TO A PERSON WHO IS A “QIB” AS DEFINED IN RULE 144A PROMULGATED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR (B) TO AN ACCREDITED INVESTOR (AS DEFINED IN RULE 501(A)(1), (2), (3), (7), OR (8) OF REGULATION D PROMULGATED UNDER THE SECURITIES ACT) (EACH AN “APPROVED TRANSFEREE”, AND COLLECTIVELY, “APPROVED TRANSFEREES”), IN EITHER CASE, WHICH IS ACQUIRING THIS SECURITY FOR ITS OWN ACCOUNT OR AS A FIDUCIARY, CUSTODIAN, TRUSTEE OR AGENT FOR OTHER BENEFICIAL HOLDERS HOLDING BENEFICIAL INTERESTS IN THE BONDS THROUGH SUCH FIDUCIARY, CUSTODIAN, TRUSTEE OR AGENT (WHICH FIDUCIARY, CUSTODIAN, TRUSTEE OR AGENT AND SUCH BENEFICIAL HOLDERS MUST ALSO BE AN APPROVED TRANSFEREE); PROVIDED, AS A CONDITION PRECEDENT TO ANY SUCH TRANSFER ANY SUCH PROSPECTIVE TRANSFEREE SHALL DELIVER TO THE ISSUER AND TRUSTEE AN INVESTOR LETTER IN SUBSTANTIALLY THE FORM SET FORTH IN EXHIBIT B TO THE INDENTURE.

ARTICLE III INTEREST RATE, PAYMENT AND REDEMPTION OF BONDS

Section 3.1 Authorized Amount of Bonds. No Bonds may be issued under the provisions of this Indenture except in accordance with this Article. The total aggregate principal amount of Bonds that may be issued and Outstanding hereunder is \$[_____], consisting of the 2025A-1 Bonds in the principal amount of \$[_____], 2025A-2 Bonds in the principal amount of \$[_____] and 2025B Bonds in the principal amount of \$[_____]. Each Series of the Bonds shall be issued in a single series and designated “Multifamily Housing Revenue Bonds (The Ridge at Loop 12) Series 2025A-1,” “Multifamily Housing Revenue Bonds (The Ridge at Loop 12) Series 2025A-2,” and “Multifamily Housing Revenue Bonds (The Ridge at Loop 12) Taxable Series 2025B.” The form of the Bonds attached

as Exhibit A-1, Exhibit A-2 and Exhibit A-3 to this Indenture shall be the form of Bonds referred to herein.

Section 3.2 Issuance of Bonds.

(a) Each series of Bonds shall bear interest on the amount Outstanding from the Closing Date until paid or exchanged, as applicable, at the applicable rate set forth in Section 3.3 hereof computed on the basis set forth in the form of the Bonds, and the Bonds shall mature, unless sooner paid, on the applicable Maturity Date, on which date all unpaid principal of and interest on such Bonds shall be due and payable.

(b) *Reserved.*

(c) The Bonds shall be dated as of [March ____], 2025, and initially issued as provided herein and in the written instructions from the Issuer. Interest on the Bonds shall be computed from the most recent Interest Payment Date to which interest has been paid or duly provided for or if no interest has been paid or provided for, from the Closing Date. Each Bond shall mature on its respective Maturity Date, on which date all unpaid principal of and interest on such Bond shall be due and payable.

(d) The principal of and the interest on the Bonds shall be payable in lawful currency of the United States. The principal of the Bonds shall be payable at the designated corporate trust office of the Trustee upon presentation and surrender of the Bonds. Payments of interest on the Bonds will be mailed to the persons in whose names the Bonds are registered on the Register at the close of business on the Record Date next preceding each Interest Payment Date; provided that, any Holder of a Bond or Bonds in an aggregate principal amount of not less than \$250,000 may, by prior written instructions filed with the Trustee (which instructions shall remain in effect until revoked by subsequent written instructions), instruct that interest payments be made by wire transfer to an account in the continental United States or other means acceptable to the Trustee.

Section 3.3 Interest Rate on Bonds. Each series of Bonds shall bear interest on the amount Outstanding at the applicable Bond Interest Rate from the Closing Date to the date of payment in full of such Bonds, calculated in the manner set forth in the form of the Bonds. Interest accrued on the Bonds shall be paid in arrears on each Interest Payment Date and, as to Bonds then maturing or being redeemed, on the Maturity Date and any date of redemption prior to the Maturity Date; provided, however, that in the event that principal of or interest payable on the Bonds is not paid when due, there shall be payable on the amount not timely paid, interest at the Default Rate.

The Issuer intends to conform strictly to the usury laws applicable to this Indenture and the Bonds and all agreements made in the Bonds, this Indenture and the Bond Documents are expressly limited so that in no event whatsoever shall the amount paid or agreed to be paid as interest or the amounts paid for the use of money advanced or to be advanced hereunder exceed the highest lawful rate prescribed under any law which a court of competent jurisdiction may deem applicable hereto including Chapter 1204 of the Texas Government Code and other applicable laws of the State. If, from any circumstances whatsoever, the fulfillment of any provision of the Bonds, this Indenture or the other Bond Documents shall involve the payment of interest in excess of the limit prescribed by any law which a court of competent jurisdiction may deem applicable hereto, then the obligation

to pay interest hereunder shall be reduced to the maximum limit prescribed by law. If from any circumstances whatsoever, the Bondholders shall ever receive anything of value deemed interest, the amount of which would exceed the highest lawful rate, such amount as would be excessive interest shall be deemed to have been applied, as of the date of receipt by the Bondholders, to the reduction of the principal remaining unpaid hereunder and not to the payment of interest, or if such excessive interest exceeds the unpaid principal balance, such excess shall be refunded to the Borrower. In no event shall the interest on the Bonds exceed the Maximum Rate. This paragraph shall control every other provision of the Bonds, this Indenture and all other Bond Documents.

In determining whether the amount of interest charged and paid might otherwise exceed the limit prescribed by law, the Issuer intends and agrees that (i) interest shall be computed upon the assumption that payments under the Loan Agreement and other Bond Documents will be paid according to the agreed terms, and (ii) any sums of money that are taken into account in the calculation of interest, even though paid at one time, shall be spread over the actual term of the respective series of Bonds.

Section 3.4 Redemption of Bonds.

(a) Optional Redemption of Bonds.

(i) The Bonds are subject to optional redemption in whole but not in part, by the Issuer at the direction of the Borrower, upon not less than thirty (30) days written notice to the Trustee on any date on or after the First Optional Redemption Date at a redemption price equal to 100% of the principal amount thereof, plus accrued interest thereon to, but not including the redemption date.

(ii) The Bonds are subject to optional redemption, in part (first from the 2025B Bonds until paid in full, then from the 2025A-2 Bonds, and then from the 2025A-1 Bonds), on any date on or prior to the Stabilization Date, in the amount equal to the amount specified by the Controlling Party, in the event the Borrower elects to make a Pre-Stabilization Loan Equalization Payment, upon not less than ten (10) days' prior written notice to the Trustee or such shorter period as approved in writing by the Controlling Person at a redemption price equal to 100% of the principal amount of the Bonds to be redeemed, plus interest accrued thereon to, but not including, the redemption date.

(b) Mandatory Redemption of Bonds.

(i) The Bonds are subject to mandatory redemption from, and to the extent of, amounts on deposit in the Surplus Fund (subject to Section 4.4 hereof) on the first Interest Payment Date for which notice of redemption can be given in accordance with this Indenture, following the deposit of Surplus Bond Proceeds in the Surplus Fund at a redemption price equal to 100% of the principal amount of the Bonds to be redeemed plus interest accrued thereon to, but not including, the redemption date. Amounts in the Series A-1 Bond Surplus Subaccount shall be applied to the redemption of the 2025A-1 Bonds, amounts in the Series A-2 Bond Surplus Subaccount shall be applied to the redemption of the 2025A-2 Bonds, and amounts in the Series B Bond Surplus Subaccount shall be applied to the redemption of the 2025B Bonds.

(ii) The Bonds are subject to mandatory redemption in whole or in part (and if in part, first from the 2025B Bonds until paid in full, then from the 2025A-2 Bonds, and then from the 2025A-1 Bonds), at the written direction of the Controlling Person, on the first Interest Payment Date for which notice of redemption can be given in accordance with this Indenture after and to the extent that Insurance Proceeds or a Condemnation Award in connection with the Project Facilities are deposited in the Project Fund and are not to be used to repair or restore the Project Facilities at a redemption price equal to 100% of the principal amount of the Bonds to be redeemed plus interest accrued thereon to, but not including, the redemption date.

(iii) On the Stabilization Date, in the event the outstanding amount of the 2025A-1 Bonds on the Stabilization Date is greater than or less than the starting principal amount set forth in the initial amortization schedule attached to the 2025A-1 Bonds, the Controlling Person shall prepare and deliver to the Issuer, the Trustee and the Borrower an updated amortization schedule (the “**Bond Amortization Schedule**”) providing for equal monthly payments of principal and interest commencing on (i) the first day of the month immediately succeeding the first day of the first month following the 120th month after the Stabilization Date, if the Stabilization Date occurs on the first calendar day of a month, or (ii) the first day of the second month immediately succeeding the first day of the first month following the 120th month after the Stabilization Date, if the Stabilization Date occurs on a day other than the first calendar day of the month, in the amount necessary to amortize the outstanding principal balance of the 2025A-1 Bonds as of the Stabilization Date, based upon a four hundred eighty (480) month amortization schedule, and a fixed interest rate of [.]% computed on the basis of a 360-day year, comprised of twelve 30-day months. Commencing on the date the first principal amount is due as set forth in the Bond Amortization Schedule, and on each Interest Payment Date thereafter throughout the term of the 2025A-1 Bonds, the 2025A-1 Bonds will be subject to mandatory scheduled redemption in the amount set forth for such Interest Payment Date as provided in the Bond Amortization Schedule, plus accrued interest thereon; provided that the outstanding principal amount of the 2025A-1 Bonds shall be due on the Maturity Date. The Bond Amortization Schedule will be attached as Schedule 1 to the 2025A-1 Bonds on the Stabilization Date. The delivery of the Bond Amortization Schedule shall be subject to the receipt by the Issuer, the Trustee and the Controlling Person on or prior to the Stabilization Date of a Favorable Opinion of Bond Counsel.

(iv) The Bonds are subject to mandatory redemption, in part (first from the 2025B Bonds until paid in full, then from the 2025A-2 Bonds, and then from the 2025A-1 Bonds), at the direction of the Controlling Person to the Trustee and the Borrower, at a redemption price equal to 100% of the principal amount of the Bonds to be redeemed plus interest accrued thereon to, but not including, the redemption date, on the first Interest Payment Date for which timely notice of redemption can be given in accordance with this Indenture following both Final Completion and receipt by the Borrower of the [Second Installment] (as such term is defined in the Partnership Agreement) of Required Equity Funds from the Equity Investor. *[NTD: This subsection should be “Reserved” if Equity Investor does not require this pre-Stabilization redemption.]*

(v) The Bonds are subject to extraordinary mandatory redemption in whole or in part (and if in part, first from the 2025B Bonds until paid in full, then from the 2025A-2 Bonds, and then from the 2025A-1 Bonds) at the written direction of the Controlling Person to the Trustee and the Borrower, at a redemption price equal to 100% of the principal amount of the Bonds to be redeemed plus interest accrued thereon to, but not including, the redemption date, on the first Interest Payment Date for which notice of redemption can be given in accordance with this Indenture following receipt by the Trustee of the direction of the Controlling Person, within one hundred eighty (180) days of the occurrence of any of the following events:

(A) *reserved*;

(B) title in and to, or the temporary use of, all or substantially all of the Project Facilities shall have been taken under the exercise of the power of eminent domain by any Governmental Authority or any Person acting under Governmental Authority (including such a taking as, in the judgment of the Controlling Person, results in the Borrower being prevented thereby from carrying on its normal operations at the Project Facilities for a period of three (3) consecutive months);

(C) as a result of any changes in the Constitution of the State, or the Constitution of the United States of America or by legislative or administrative action (whether state or federal) or by final decree, judgment, decision or order of any court or administrative body (whether state or federal), any material provision of the Loan Agreement or the Bond Documents, in the judgment of the Controlling Person shall have become void or unenforceable or impossible of performance in accordance with the intent and purpose of the parties as expressed therein;

(D) unreasonable burdens or excessive liabilities shall have been imposed on the Borrower with respect to the operations of the Project Facilities, including, without limitation federal, state or other ad valorem, property, income or other taxes not being imposed on the date of this Indenture that, in the judgment of the Controlling Person, render the continued operation of the Project Facilities uneconomical;

(E) legal curtailment of the Borrower's use and occupancy of all or substantially all of the Project Facilities for any reason other than that set forth in (ii) above, which curtailment shall, in the judgment of the Controlling Person, prevent the Borrower from carrying on its normal operations at the Project Facilities for a period of three (3) consecutive months; or

(F) the Loan Agreement is terminated prior to its expiration for any reason, including the occurrence of an Event of Default under the Loan Agreement.

(vi) The Bonds are subject to mandatory redemption in whole at a redemption price equal to 100% of the principal amount of the Bonds to be redeemed plus interest accrued thereon to, but not including, the redemption date, on the first Interest Payment Date for which notice of redemption can be given in accordance with this Indenture within

forty-five (45) days after the occurrence of a Determination of Taxability; provided, however, if mandatory redemption on account of a Determination of Taxability of less than all the Tax-Exempt Bonds would adversely affect, in the opinion of Bond Counsel, the Federal Tax Status of the Tax-Exempt Bonds Outstanding, then the Tax-Exempt Bonds are subject to mandatory redemption upon the occurrence of a Determination of Taxability in the amount specified in such opinion, provided that such redemption must be in an Authorized Denomination.

(vii) The Bonds are subject to mandatory redemption in whole on any Interest Payment Date specified by the Controlling Person on or after the seventeenth (17th) anniversary of the Stabilization Date, if the Controlling Person directs redemption by providing written notice to the Borrower, the Trustee, and the Issuer at least twelve (12) months prior to the Interest Payment Date specified in such notice on which the Bonds are to be redeemed at a redemption price equal to 100% of the principal amount thereof plus interest accrued thereon to, but not including, the redemption date.

(c) Partial Redemption of Bonds. In case part, but not all, of a Bond shall be selected for redemption, upon presentation and surrender at the operations office of the Trustee of such Bond by the Holder thereof or its attorney duly authorized in writing (with due endorsement for transfer or accompanied by written instrument of transfer in form satisfactory to the Trustee), the Issuer shall execute and the Trustee shall authenticate and deliver to or upon the order of such Holder, without charge therefore, for the unredeemed portion of the principal amount of the Bond so surrendered, a Bond or Bonds, at the option of such Holder, of any Authorized Denomination of like series and tenor, or if less than the minimum Authorized Denomination, an amount necessary to equal the unredeemed portion of the principal amount of the Bond.

(d) Selection of Bonds to be Redeemed. If less than all the Outstanding Bonds of a given series shall be called for redemption, the Trustee shall select or arrange for the selection of Bonds to be redeemed by lot pursuant to its rules and procedures, in Authorized Denominations, provided that any Bond or portion thereof remaining Outstanding shall be in an Authorized Denomination.

(e) Reserved.

(f) Redemption Price. Any redemption of Bonds shall be at a redemption price equal to 100% of the principal amount of Bonds to be redeemed plus interest accrued thereon to, but not including, the redemption date, without premium, penalty or charge.

(g) Right of Borrower to Purchase Bonds. Subject to delivery of a Favorable Opinion of Bond Counsel, the Borrower shall have the option, by written notice to the Trustee and the Controlling Person given not less than five (5) Business Days in advance of such redemption date, to cause purchase of the Bonds in lieu of redemption on the redemption date. The purchase price of the Bonds so purchased in lieu of redemption shall be equal to the redemption price thereof and shall be payable on the redemption date. Bonds so purchased in lieu of redemption shall be registered to or upon the direction of the Borrower; provided that any assignee of the Borrower shall be an Approved Buyer which executes and delivers an Investor Letter as required under this Indenture.

Section 3.5 Notice of Redemption. Notice of redemption shall be mailed by the Trustee by first-class mail, postage prepaid, at least thirty (30) days before the redemption date to each Holder of the Bonds to be redeemed in whole or in part at his/her last address appearing on the Register, with a copy to the Controlling Person, but no defect in or failure to give such notice of redemption to any person shall affect the validity of the redemption as to any other person. All Bonds properly called for redemption and for which monies for payment of the redemption price are held by the Trustee will cease to bear interest on the date fixed for redemption, and, thereafter, the Holders of such Bonds called for redemption shall have no rights in respect thereof except to receive payment of the redemption price from the Trustee and a new Bond for any portion not redeemed.

Section 3.6 Payments Due on Non-Business Days. In any case where the date of maturity of, interest on or premium, if any, or principal of the Bonds or the date fixed for redemption of any Bonds shall not be a Business Day, then payment of such interest, premium or principal need not be made on such date but shall be made on the next succeeding Business Day, with the same force and effect as if made on the date of maturity or the date fixed for redemption, and, in the case of such payment, no interest shall accrue for the period from and after such date.

ARTICLE IV FUNDS

Section 4.1 Establishment of Funds and Accounts; Applications of Proceeds of the Bonds and Other Amounts.

(a) The following funds and accounts are hereby created and established as special trust funds with the Trustee:

- (i) the Project Fund, consisting of the following accounts:
 - (A) the Bond Proceeds Account;
 - (1) Series A-1 Bond Proceeds Subaccount;
 - (2) Series A-2 Bond Proceeds Subaccount; and
 - (3) Series B Bond Proceeds Subaccount;
 - (B) the Costs of Issuance Account;
 - (C) the Equity Account;
 - (D) the Capitalized Interest Account, containing the following subaccounts:
 - (1) 2025A-1 Bond Proceeds Subaccount;
 - (2) 2025A-2 Bond Proceeds Subaccount;

- (3) 2025B Bond Proceeds Subaccount; and
- (2) Equity Subaccount;
- (E) the Insurance and Condemnation Proceeds Account;
- (ii) the Replacement Reserve Fund;
- (iii) the Tax and Insurance Escrow Fund;
- (iv) the Rebate Fund;
- (v) the Bond Fund;
 - (A) Series A-1 Bond Fund Account;
 - (B) Series A-2 Bond Fund Account; and
 - (C) Series B Bond Fund Account;
- (vi) the Surplus Fund;
 - (A) Series A-1 Bond Surplus Subaccount;
 - (B) Series A-2 Bond Surplus Subaccount; and
 - (C) Series B Bond Surplus Subaccount;
- (vii) the Redemption Fund; and
- (viii) the Expense Fund.

(b) All the Accounts created by subsection (a) of this Section shall be held by the Trustee in trust for application only in accordance with the provisions of this Indenture. The Trustee shall not be required to open any of the foregoing funds or Accounts until a deposit of funds is made to such fund or Account pursuant to the terms hereof.

(c) The proceeds of the sale of the Bonds on the Closing Date and the initial installment of Required Equity Funds shall be deposited as provided in the Closing Memorandum.

(d) *Reserved.*

(e) *Reserved.*

Section 4.2 Bond Fund.

(a) There is hereby separately created and established with the Trustee the Bond Fund and within the Bond Fund the Series A-1 Bond Fund Account, the Series A-2 Bond Fund Account and the Series B Bond Fund Account. There shall be deposited in the Series A-1 Bond Fund

Account, the Series A-2 Bond Fund Account and the Series B Bond Fund Account, respectively, (i) all Repayments specified in the Loan Agreement to be deposited in the Series A-1 Bond Fund Account, the Series A-2 Bond Fund Account and the Series B Bond Fund Account of the Bond Fund, as applicable, including all proceeds resulting from the enforcement of the Security or its realization as collateral, and (ii) all other moneys received by the Trustee under the Loan Agreement for deposit by it in the Series A-1 Bond Fund Account, the Series A-2 Bond Fund Account and the Series B Bond Fund Account of the Bond Fund, as applicable.

(b) Moneys in the Bond Fund shall be held in trust for the Holders and, except as otherwise expressly provided herein, shall be used solely for the payment of the interest on the Bonds, for the payment of principal of the Bonds upon maturity, whether stated or accelerated, or upon mandatory or optional redemption prior to the Maturity Date, and for the payment of the acceleration premium set forth in Section 2.03(c) of the Loan Agreement.

(c) After payment in full of the Bonds, or provision for the payment of the Bonds having been made pursuant to Section 5.2 hereof, and upon payment of any amounts payable to the United States pursuant to any rebate requirement and any other amounts owing hereunder and under the Loan Agreement, any amounts remaining in the Bond Fund shall be paid to the Borrower.

Section 4.3 Project Fund.

(a) The Trustee shall deposit all amounts specified in the Closing Memorandum into the specified accounts and subaccounts of the Project Fund. The Trustee will receive and deposit into the Equity Account amounts received as future installments of the Required Equity Funds from the Equity Investor in accordance with the provisions of the Partnership Agreement. The Trustee shall deposit any other amounts received, to the extent not otherwise directed herein, in such Accounts as directed in writing by Controlling Person.

(b) The Trustee is hereby authorized and directed to use moneys in the Project Fund for payment or reimbursement of Project Costs (or, in the case of moneys on deposit in the Series A-1 Bond Proceeds Subaccount or Series A-2 Bond Proceeds Subaccount of the Bond Proceeds Account of the Project Fund for payment or reimbursement of at least 95% of the Qualified Project Costs) to the Borrower upon the receipt of a fully executed Requisition approved by or on behalf of the Controlling Person in accordance with the provisions of the Loan Agreement; provided, however, upon payment of all Qualified Project Costs after Final Completion of the Project Facilities, but in no event later than the Stabilization Date, all Surplus Bond Proceeds remaining in the Bond Proceeds Account of the Project Fund shall be transferred to the Surplus Fund. All remaining amounts in the Equity Account of the Project Fund upon Stabilization shall be paid to the Borrower upon receipt of the prior written approval of the Controlling Person, which approval shall not be unreasonably withheld or delayed. Upon achievement of Stabilization, to be evidenced by delivery to the Trustee of the Stabilization Certificate in accordance with Section 6.09(I) of the Loan Agreement, any amount in the Equity Subaccount of the Capitalized Interest Account will be paid to the Borrower by the Trustee.

(c) The Trustee shall and is hereby authorized to transfer funds from the Capitalized Interest Account to the Bond Fund without submission of any Requisition to pay interest on the Bonds, accruing up to and including achievement of Final Completion. Unless otherwise waived

by the Bondholder Representative, the Borrower shall immediately replenish any amounts drawn from the Capitalized Interest Account and shall deposit such replenishment in the Equity Subaccount of the Capitalized Interest Account. With respect to any such transfer prior to the Placed in Service Date (as defined in the Tax Exemption Agreement), the Trustee shall first transfer amounts from the 2025A-1 Bond Proceeds Subaccount and/or the Equity Subaccount of the Capitalized Interest Account as needed to pay interest on the 2025A-1 Bonds, and shall first transfer funds from the 2025A-2 Bond Proceeds Subaccount and/or the Equity Subaccount of the Capitalized Interest Account as needed to pay interest on the 2025A-2 Bonds. The Trustee shall transfer any Surplus Bond Proceeds remaining in the Capitalized Interest Account after Final Completion of the Project Facilities and payment of all Project Costs, to be evidenced by delivery to the Trustee of the Final Completion Certificate in accordance with Section 6.09(i) of the Loan Agreement, but in no event later than the Stabilization Date, to the Surplus Fund in accordance with Section 4.4 hereof, and the Capitalized Interest Account shall be closed.

(d) Amounts in the Costs of Issuance Account shall be disbursed by the Trustee on the Closing Date and thereafter only to pay Costs of Issuance pursuant to the Closing Memorandum. Amounts remaining in the Costs of Issuance Account (including investment proceeds) after the payment of all Costs of Issuance, and in any event not later than thirty (30) days following the Closing Date, shall be transferred to the applicable subaccount of the Bond Proceeds Account or Equity Account of the Project Fund, as applicable, and the Trustee shall close the Costs of Issuance Account.

(e) Moneys representing a Condemnation Award or Insurance Proceeds shall be deposited into the Insurance and Condemnation Proceeds Account of the Project Fund and notice of such deposit thereof shall be given by the Trustee to the Controlling Person and the Majority Owner. To the extent there has been a determination pursuant to the Bond Documents to restore the Project Facilities, such Condemnation Award or Insurance Proceeds shall be expended for such purposes in accordance with the provisions of the Bond Documents. In the event there is a determination pursuant to the Bond Documents not to restore the Project Facilities, such Condemnation Award or Insurance Proceeds shall be either (i) transferred to the Bond Fund and applied to the redemption of Bonds in accordance with Section 3.4(b) hereof, or (ii) released to the Borrower if the Borrower obtains a Favorable Opinion of Bond Counsel, all in accordance with written direction of the Controlling Person to the Trustee and subject to the provisions of the Bond Documents.

(f) The Trustee shall transfer moneys between Accounts as directed in writing by the Controlling Person and consented to by the Borrower, provided that no consent shall be required following the occurrence and during the continuance of a Default or Event of Default hereunder. Upon the occurrence and continuation of an Event of Default hereunder, all money and investments in the Project Fund may be disbursed at the written direction of the Controlling Person to pay Project Costs, to pay costs of enforcement of the Bond Documents and to pay any and all amounts owed by the Borrower under the Bond Documents, in whatever amounts and whatever order the Controlling Person may determine.

Section 4.4 Surplus Fund. The Surplus Fund shall receive all Surplus Bond Proceeds transferred thereto in accordance with the provisions of this Indenture. Surplus Bond Proceeds from the 2025A-1 Bonds shall be deposited into the Series A-1 Bond Surplus Subaccount, Surplus

Bond Proceeds from the 2025A-2 Bonds shall be deposited into the Series A-2 Bond Surplus Subaccount, and Surplus Bond Proceeds from the 2025B Bonds shall be deposited into the Series B Bond Surplus Subaccount. The deposit of Surplus Bond Proceeds in the Surplus Fund shall be, and shall be deemed to be, a joint direction by the Borrower and the Controlling Person to the Trustee to redeem the greatest principal amount of the applicable Bonds possible to be redeemed from such deposit pursuant to Section 3.4(b)(i) hereof on the earliest redemption date on which the Bonds may be redeemed, and on such redemption date an amount equal to the principal amount of Bonds to be redeemed plus interest accrued thereon to the redemption date shall be transferred from the Surplus Fund to the Bond Fund and used for such redemption. After such transfer, if and to the extent that there are moneys remaining in the Surplus Fund, such moneys in the Surplus Fund shall be transferred to the Bond Fund and shall be used for payment of interest on or principal of corresponding series of Bonds.

Section 4.5 Use of Certain Additional Funds and Accounts.

(a) Redemption Fund.

(i) There shall be deposited in the Redemption Fund (a) all payments specified in Sections 2.03(d) and 8.04 of the Loan Agreement to be deposited in the Redemption Fund, and (b) all other moneys received by the Trustee under the Loan Agreement or this Indenture for deposit by it in the Redemption Fund. Moneys in the Redemption Fund shall be held in trust for the Holders and, except as otherwise expressly provided herein, shall be used solely for the redemption of Bonds pursuant to Section 3.4 hereof. On each Principal Payment Date or redemption date and as otherwise required hereunder or at the written direction of the Controlling Person, the Trustee shall transfer such amounts from the Redemption Fund to the Bond Fund and call and redeem Bonds as provided in Section 3.4 hereof. After payment in full of the Bonds, or provision for the payment of the Bonds having been made pursuant to Section 5.2 hereof, and the payment of any amounts owing to the United States pursuant to any rebate requirement and any other amounts owing hereunder and under the Loan Agreement, any amounts remaining in the Redemption Fund shall be paid to the Borrower.

(ii) Upon the occurrence and continuation of an Event of Default hereunder, all money and investments in the Redemption Fund may be disbursed at the written direction of the Controlling Person to pay any costs and expenses of the Project Facilities, to pay costs of enforcement of the Bond Documents and to pay any and all amounts owed by the Borrower under any of the Bond Documents, in whatever amounts and in whatever order the Controlling Person may determine.

(b) Tax and Insurance Escrow Fund. There shall be deposited in the Tax and Insurance Escrow Fund all moneys received for such purpose by the Trustee from the Borrower pursuant to Section 8.02 of the Loan Agreement. Moneys in the Tax and Insurance Escrow Fund shall be applied to payment of Impositions and insurance premiums at the written direction of the Controlling Person or, in the absence of direction from the Controlling Person, thirty (30) days following a written request of the Controlling Person, at the direction of the Borrower; provided, however, that upon the occurrence and continuation of an Event of Default hereunder, all money and investments held in the Tax and Insurance Escrow Fund may be disbursed at the written

direction of the Controlling Person to pay costs and expenses of the Project Facilities, to pay costs of enforcement of the Bond Documents and to pay any and all amounts owed by the Borrower under any of the Bond Documents, in whatever amounts and in whatever order the Controlling Person may determine. Upon the payment in full of the Bonds and the fees and expenses of the Issuer and the Trustee, or provision for the payment of the Bonds having been made pursuant to Section 5.2 hereof, and upon payment of amounts payable to the United States pursuant to any rebate requirement and any other amounts owing hereunder and under the Loan Agreement, any amounts remaining in the Tax and Insurance Escrow Fund shall be paid to the Borrower.

(c) Rebate Fund. Amounts deposited in the Rebate Fund shall be held in trust and applied as set forth in the Tax Exemption Agreement. Any provisions in this Indenture to the contrary notwithstanding, amounts credited to the Rebate Fund shall be free and clear of any lien hereunder. The Issuer and the Trustee will observe the covenants contained in the Tax Exemption Agreement as if fully set forth herein.

(d) Replacement Reserve Fund. Commencing after the Stabilization Date, there shall be deposited in the Replacement Reserve Fund all moneys received for such purpose by the Trustee from the Borrower pursuant to the Replacement Reserve Agreement. Moneys in the Replacement Reserve Fund shall be disbursed by the Trustee upon receipt of a written request therefor executed by the Borrower and approved in writing by the Controlling Person, in accordance with the terms of the Replacement Reserve Agreement; provided that, upon the occurrence and continuation of an Event of Default hereunder, all moneys and investments in the Replacement Reserve Fund (other than moneys held to pay costs required to be paid but not yet payable) may be disbursed at the written direction of the Controlling Person to pay any costs and expenses of the Project Facilities, to pay costs of enforcement of the Bond Documents and to pay any and all amounts owed by the Borrower under the Bond Documents, in whatever amounts and whatever order the Controlling Person may determine. Upon the payment in full of the Bonds, or provision for the payment of the Bonds having been made pursuant to Section 5.2 hereof, upon payment of amounts payable to the United States pursuant to any rebate requirement and any other amounts owing hereunder and under the Loan Agreement, any amounts remaining in the Replacement Reserve Fund shall be paid to the Borrower as soon as practicable.

(e) Expense Fund. On the Closing Date, there shall be deposited an amount, if any, as specified in the Closing Memorandum in the Expense Fund. Amounts on deposit in the Expense Fund shall be used to pay the Third-Party Costs as and when the same become due. In the Loan Agreement, the Borrower has agreed to pay directly to the Issuer or the Trustee any extraordinary fees and expenses of the Issuer or the Trustee, as the case may be, that are not included within any fees paid or schedule to be paid to the Issuer or the Trustee's Fees and not otherwise paid from the Surplus Fund.

Section 4.6 Records

(a) At the sole expense of the Borrower, the Trustee shall cause to be kept and maintained records pertaining to all funds and Accounts maintained by the Trustee hereunder and all disbursements therefrom and shall periodically deliver to the Borrower, with a copy to Controlling Person, monthly statements of activity and statements indicating the investments made with moneys in all such funds during the applicable period. At the sole expense of the Borrower

and upon written request, the Trustee shall provide the Borrower and the Controlling Person, within a reasonable period of time, with a report stating the principal amount of Bonds Outstanding and a list of the registered owners of the Bonds as of the date specified by the Borrower or the Controlling Person in its request. Such reports may be delivered pursuant to the Trustee's online portfolio system.

(b) At the sole expense of the Borrower, the Trustee shall provide the Borrower and the Controlling Person with a written report, on a monthly basis, through the calendar month in which the last obligation of the Bonds is retired, identifying the Permitted Investments in which the moneys held as part of the Accounts were invested during the preceding period and the dates of such investments, together with such other information as the Trustee ordinarily provides to Persons such as the Borrower and the Controlling Person in its regular monthly investment reports. Such reports may be delivered pursuant to the Trustee's online portfolio system.

Section 4.7 Investment of Funds. Moneys held as part of all Accounts hereunder shall be invested and reinvested in Permitted Investments as instructed in writing by the Borrower with the prior written consent of the Controlling Person; provided, however, that any moneys held by the Trustee to pay the principal of or interest that has become payable with respect to the Bonds shall not be invested. The Trustee may conclusively rely on written instructions received from the Borrower approved by the Controlling Person, including written instructions received by Electronic Means, as to both the suitability and legality of the directed investments, and such instructions shall be deemed to certify to the Trustee that the directed investments constitute Permitted Investments. The Trustee shall have no discretion for investing funds or advising any parties on investing funds. All Permitted Investments shall be held by or under the control of the Trustee and shall be deemed at all times to be a part of the fund and account which was used to purchase the same. The Trustee may act as principal or agent in the making or disposing of any investment, may invest funds in its own proprietary money market funds or deposit products, and may utilize its investment department or that of its affiliate and charge its standard investment handling fees. All interest accruing thereon and any profit realized from Permitted Investments shall be credited to the respective fund or account and any loss resulting from Permitted Investments shall be similarly charged. The Trustee is authorized to cause to be sold and reduced to cash a sufficient amount of Permitted Investments whenever the cash balance in any fund or account hereunder is or will be insufficient to make a requested or required disbursement. The Trustee shall not be responsible for any depreciation in the value of any Permitted Investment or for any loss resulting from such sale, so long as the Trustee performs its obligations hereunder in accordance with the terms of this Indenture. Absent specific written instructions from the Borrower approved by the Controlling Person to invest cash balances in Permitted Investments hereunder, all funds shall be invested in [Goldman Sachs Financial Square Treasury (CUSIP 38142B609)][***NTD: TRUSTEE TO CONFIRM***]. The Borrower acknowledges receipt of a prospectus for the fund which, among other things, describes the fees and expenses paid by the fund, including fees paid to the Trustee for servicing the fund (which affect the return on investment). The Borrower acknowledges that the fund is not an FDIC-insured bank deposit, is not an obligation of or guaranteed by the Trustee or its affiliates, and may involve investment risk, including loss of principal. Notwithstanding the foregoing, upon the written election of the Holders of all of the Outstanding Bonds, after providing written notice to the Borrower, the Trustee and the Servicer of such election, any or all Accounts established under this Indenture may be maintained on behalf of Holders at a Qualified Custodian and not by the Trustee and all payments

required to be made by the Borrower with respect to such Accounts shall be paid directly to such Qualified Custodian.

The Issuer acknowledges that regulations of the Comptroller of the Currency grant the Borrower the right to receive brokerage confirmations of the security transactions as they occur. The Borrower has specifically waived such notification to the extent permitted by law and will receive periodic cash transaction statements that will detail all investment transactions.

Section 4.8 Guaranties. Any amounts realized by the Trustee under the Guaranty of Completion, the Guaranty of Debt Service and Stabilization, the Guaranty of Recourse Obligations or the Environmental Indemnity shall be used or applied or invested by the Trustee for the satisfaction of the guaranteed obligations as directed in writing by the Controlling Person.

ARTICLE V DISCHARGE OF LIEN

Section 5.1 Discharge of Lien and Security Interest. Upon payment in full of all of the Bonds and all other amounts payable under the Loan Agreement and other Bond Documents, these presents and the Security Interests shall cease, determine and be discharged, and thereupon the Trustee shall, (a) cancel and discharge this Indenture and the Security Interests; (b) execute and deliver to the Issuer and the Borrower, at the Borrower's expense, such instruments in writing as shall be required to cancel and discharge this Indenture and the Security Interests and reconvey to the Issuer and the Borrower the Security, and assign and deliver to the Issuer and the Borrower so much of the Security as may be in its possession or subject to its control, except for moneys and Government Obligations held in the Bond Fund for the purpose of paying Bonds; and (c) mark as cancelled the Note and satisfy the Mortgage; provided, however, that the cancellation and discharge of this Indenture pursuant to this Section or Section 5.3 hereof shall not terminate the powers and rights granted to the Trustee, with respect to the payment, registration of transfer and exchange of the Bonds; provided, further, that the rights of the Issuer and the Trustee to indemnify, non-liability and payment of all reasonable fees and expenses shall survive the cancellation and discharge of this Indenture pursuant to this Section or Section 5.3 hereof.

Section 5.2 Provision for Payment of Bonds. Bonds shall be deemed to have been paid within the meaning of Section 5.1 hereof if, upon receipt by the Trustee of a Favorable Opinion of Bond Counsel and an opinion of Counsel stating that all conditions precedent to the satisfaction and discharge of this Indenture have been complied with:

(a) there shall have been irrevocably deposited in the Bond Fund sufficient money or Government Obligations of such maturities and interest payment dates and bearing such interest as will, in the opinion of a firm of certified public accountants, without further investment or reinvestment of either the principal amount thereof or the interest earnings thereon (said earnings also to be held in trust), be sufficient for the payment at their respective maturities or redemption dates prior to maturity of the principal of the Bonds not later than the earliest redemption date possible under Section 3.4 (and any earlier partial redemption date required herein) and interest to accrue thereon, and redemption premium, if any, through such maturity or redemption dates, as the case may be;

(b) there shall have been paid or provision duly made for the payment of all fees and expenses of the Issuer and the Trustee, due or to become due; and

(c) if any Bonds are to be redeemed on any date prior to their maturity, the Trustee shall have received in form satisfactory to it irrevocable instructions from the Borrower to redeem such Bonds on such date and either evidence satisfactory to the Trustee that all redemption notices required by this Indenture have been given or irrevocable power authorizing the Trustee to give such redemption notices has been granted to the Trustee.

(d) Limitations set forth elsewhere herein regarding the investment of moneys held by the Trustee in the Bond Fund shall not be construed to prevent the depositing and holding in the Bond Fund of the Government Obligations described in this Section 5.2 for the purpose of defeasing the lien of this Indenture as to Bonds which have not yet become due and payable. Notwithstanding any other provision of this Indenture to the contrary (but subject to Section 5.2(a) hereof), all funds deposited with the Trustee as provided in this Section may be invested and reinvested, at the direction of the Borrower, in Government Obligations (or in a money market fund that invests solely in Government Obligations and is rated no lower than the second highest category by one of Fitch, Moody's or S&P and, if more than one of such rating agencies then rates such money market fund, is rated no less than the second highest rating category by each of such rating agencies then rating such money market fund) maturing in the amounts and times as hereinbefore set forth, and all income from all Government Obligations (or money market fund) in the hands of the Trustee pursuant to this Section which is not required for the payment of the Bonds and interest and redemption premium, if any, thereon with respect to which such moneys shall have been so deposited shall be deposited in the Bond Fund as and when realized and collected for use and application as are other moneys deposited in the Bond Fund.

Section 5.3 Discharge of this Indenture. Notwithstanding the fact that the lien of this Indenture upon the Security may have been discharged and cancelled in accordance with Section 5.1 hereof, this Indenture and the rights granted and duties imposed hereby, to the extent not inconsistent with the fact that the lien upon the Security may have been discharged and cancelled, shall nevertheless continue and subsist after payment in full of the Bonds or the deemed payment in full of the Bonds in accordance with Section 5.2 hereof until the Trustee shall have returned to the Borrower all funds held by the Trustee which the Borrower is entitled to receive pursuant to this Indenture after all Bonds have been paid at maturity or redeemed. Upon payment in full or defeasance of the Bonds, payment of amounts payable to the United States pursuant to any rebate requirement and payment of all other amounts owing hereunder and under the Loan Agreement, all remaining amounts held by the Trustee shall be paid to the Borrower.

ARTICLE VI DEFAULT PROVISIONS AND REMEDIES

Section 6.1 Events of Default. Any one of the following shall constitute an Event of Default hereunder:

(a) Failure to pay interest on any Bond when and as the same shall have become due;

(b) Failure to pay the principal of or any premium on any Bond when and as the same shall become due, whether at the stated maturity or redemption date thereof or by acceleration;

(c) Failure to observe or perform any other of the covenants, agreements or conditions on the part of the Issuer included in this Indenture or in the Bonds and the continuance thereof for a period of thirty (30) days after written notice to the Issuer and the Borrower has been given by the Trustee or by the Controlling Person (with a copy to the Trustee); or

(d) The occurrence of an Event of Default under the Loan Agreement.

Anything herein to the contrary notwithstanding, the Equity Investor shall have the right, but not the obligation, to cure any default hereunder on the same terms provided to the Borrower.

Section 6.2 Acceleration.

(a) Upon the written direction of the Controlling Person, subject to the Act and Section 6.2(b), the Trustee immediately shall, by notice in writing sent to the Issuer, the Borrower, the Majority Owner and the Controlling Person, declare the principal of all Bonds then Outstanding (if not then due and payable) and the interest accrued thereon to be due and payable immediately, and, upon said declaration, such principal and interest shall become and be immediately due and payable after thirty (30) days' notice to the Issuer. Upon any declaration of acceleration hereunder, subject to the Act and Section 6.2(b), the Trustee shall immediately exercise such rights as it may have under the Loan Agreement and the Note to declare all Repayments to be immediately due and payable. In such event, there shall be due and payable on the Bonds an amount equal to the total principal amount of all such Bonds, plus all interest accrued thereon (including Default Interest, if any) and which will accrue thereon to the date of payment and all unpaid interest on the Bonds on the date of payment, and the acceleration premium described in Section 6.8 hereof (if applicable), subject to the Act.

(b) Upon the occurrence and continuance of an Event of Default pursuant to Section 6.1(a) or (b) in accordance with the Act, the Trustee, upon the written request of the Owners of not less than 25% in aggregate principal amount of Bonds then Outstanding shall, by written notice to the Issuer, the Borrower, the Controlling Person and the Majority Owner, having first given thirty (30) days' notice in writing delivered to the Issuer, may declare the Bonds to be immediately due and payable, whereupon such Bonds shall, without further action, become and be immediately due and payable, anything in this Indenture or in the Bonds to the contrary notwithstanding, and the Trustee shall give notice thereof to the Issuer, the Borrower, the Controlling Person and the Majority Owner and shall give notice thereof by mail to Owners the Bonds. Upon the occurrence and continuance of any Event of Default, then and in every such case the Trustee may, and upon the written direction of the Owners of not less than 25% in aggregate principal amount of the Bonds Outstanding shall, in its own name and as the Trustee of an express trust, perform any or all of the following:

(i) by action or proceeding at law or in equity, enforce all rights of the Owners under this Indenture or the Bonds, including without limitation the right to require the Issuer to collect fees and charges and interest and amortization payments on mortgage loans made by it adequate to carry out any agreement as to, or pledge of, such fees and charges

and interest and amortization payments on such mortgages, and other properties and to require the Issuer to carry out any other agreements with the Owners of such of Bonds and to perform its duties under the Act;

(ii) bring suit upon the Bonds;

(iii) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Owners of the Bonds;

(iv) by action or suit in equity require the Issuer or to account as if it were the trustee of an express trust for the Owners of the Bonds; or declare all the Bonds due and payable, and if all defaults shall be made good, then, with the consent of the Owners of 25% of the principal amount of the Bonds then outstanding, to annul such declaration and its consequences.

Before declaring the principal of Bonds due and payable, the Trustee shall first provide the Issuer with thirty (30) days' notice.

(c) Immediately following any such declaration of acceleration, the Trustee shall cause to be mailed notice of such declaration by first-class mail, postage prepaid, to each Holder of a Bond at his/her last address appearing on the Register. Any defect in or failure to give such notice of such declaration shall not affect the validity of such declaration.

Section 6.3 Other Remedies; Rights of Holders.

(a) Upon the happening and continuance of an Event of Default hereunder, the Trustee may, with the prior written consent of the Controlling Person, and shall upon the written direction of the Controlling Person, with or without taking action under Section 6.2 hereof, subject to the Act, pursue any available remedy to enforce the performance of or compliance with any Bond Documents.

(b) No remedy by the terms of this Indenture conferred upon or reserved to the Trustee, the Controlling Person, the Majority Owner or the Holders is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Trustee, the Majority Owner, the Controlling Person or to the Holders hereunder or now or hereafter existing.

(c) No delay or omission to exercise any right or power accruing upon any Default or Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Default or Event of Default or acquiescence therein and every such right and power may be exercised from time to time and as often as may be deemed expedient, subject to the Act.

(d) No waiver of any Default or Event of Default hereunder, whether by the Trustee or by the Holders, shall extend to or shall affect any subsequent Default or Event of Default or shall impair any rights or remedies consequent thereon.

(e) The Trustee, as the assignee of substantially all right, title and interest of the Issuer in and to the Loan Agreement and the Note, shall be empowered to enforce each and every right

granted to the Issuer under the Loan Agreement and the Note other than Reserved Rights, subject to the Act.

(f) The Trustee, upon the written direction of the Controlling Person, shall have the right in an Event of Default to file a proof of claim on behalf of the Holders as creditors in a bankruptcy.

Section 6.4 Right of Controlling Person to Direct Proceedings.

(a) Anything in this Indenture to the contrary notwithstanding, the Controlling Person shall have the right at any time, subject to the provisions of the Act, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Indenture, or any other proceedings hereunder or the exercise of any other trust or power of the Trustee; provided that such direction shall not be otherwise than in accordance with the provisions of law, including the Act, and of this Indenture.

(b) Subject to the provisions of the Act, no Holder shall have the right to institute any proceeding for the enforcement of this Indenture unless such Holder has given the Trustee and the Borrower written notice of an Event of Default, the Controlling Person shall have requested the Trustee in writing to institute such proceeding, the Trustee shall have been afforded a reasonable opportunity to exercise its powers or to institute such proceeding, there shall have been offered to the Trustee indemnity satisfactory to it against the cost, expense and liability to be incurred in connection with such request and the Trustee shall have thereafter failed or refused to exercise such powers or to institute such proceeding within sixty (60) days after receipt of notice with no inconsistent direction given during such sixty (60) days by the Holders of a majority in aggregate principal amount of the Bonds then Outstanding. Nothing in this Indenture shall affect or impair any right of enforcement conferred on any Holder by the Act or otherwise to enforce (i) the payment of the principal of, acceleration premium, if any, and interest on Bonds at and after the maturity thereof, or (ii) the obligation of the Issuer to pay the principal of, acceleration premium, if any, and interest on Bonds to such Holder at the time, place, from the sources and in the manner as provided in this Indenture.

Section 6.5 Discontinuance of Default Proceedings. In case the Trustee shall have proceeded to enforce any right under this Indenture by the appointment of a receiver or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely, then and in every such case the Issuer and the Trustee shall be restored to their former positions and rights hereunder and all rights, remedies and powers of the Issuer and the Trustee shall continue as if no such proceedings had been taken subject to the limits of any adverse determination.

Section 6.6 Waiver. The Trustee, with the consent of the Controlling Person may, and shall upon the written direction of the Controlling Person, waive any Default or Event of Default hereunder and its consequences and rescind any declaration of acceleration of maturity of principal; provided, however, that there shall be no such waiver or rescission unless all principal of, acceleration premium, if any, and interest on the Bonds in arrears, together with interest thereon

(to the extent permitted by law) at the applicable rate of interest borne by the Bonds and all fees and expenses of the Trustee and the Issuer shall have been paid or provided for.

Section 6.7 Application of Moneys. All moneys received by the Trustee pursuant to any right given or action taken under the provisions of this Article shall be deposited in the Bond Fund and, after payment to the Expense Fund (out of moneys derived from a source other than moneys held for the redemption of Bonds) of the cost and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities and advances incurred or made by the Trustee, including reasonable attorneys' fees, and all other outstanding fees, expenses, and indemnities of the Trustee, such moneys shall be applied in the order set forth below:

(a) Unless the principal of all Bonds shall have become or been declared due and payable, all such moneys shall be applied:

First: To the payment of all installments of interest then due on the Bonds in order of priority first to installments past due for the greatest period and, if the amount available shall not be sufficient to pay in full any particular installment, then to the ratable payment of the amounts due on such installment;

Second: To the payment of the unpaid principal of and acceleration premium, if any, of the Bonds which shall have become due (other than Bonds called for redemption for the payment of which moneys are held pursuant to the provisions of this Indenture), with interest on such Bonds from the respective dates upon which they became due (at the rate borne by the Bonds, to the extent permitted by law) and, if the amount available shall not be sufficient to pay in full Bonds due on any particular date, together with such acceleration premium, then to the ratable payment of the amounts due on such date;

Third: To the payment of the amounts required to reimburse the Issuer and the Owners of the Bonds for any legal or other out-of-pocket costs incurred by them in connection with exercising their remedies hereunder; and

Fourth: The balance shall be paid to the Borrower (subject to any required deposits to the Rebate Fund).

(b) If the principal of all the Bonds shall have become or been declared due and payable, all such moneys shall be applied to the payment of the principal, acceleration premium, if any, and interest then due and unpaid upon the Bonds, without preference or priority as between principal, premium, interest, installments of interest or Bonds, ratably according to the amounts due respectively for principal, premium and interest to the persons entitled thereto;

(c) If the principal on all Bonds shall have been declared due and payable, and if such declaration shall thereafter have been rescinded under this Article then, subject to subsection (b) of this Section in the event that the principal of all the Bonds shall again become or be declared due and payable, the moneys shall be applied in accordance with subsection (a) of this Section.

(d) Notwithstanding anything contained herein to the contrary, the Controlling Person may, with express written consent of the Majority Owner, by written notice to the Trustee direct the application of funds other than in the manner set forth in Section 6.7(a) above, including, without limitation, the application of funds between the principal or acceleration premium of or interest on the Bonds.

(e) Whenever moneys are to be applied pursuant to this Section, the Trustee shall fix the date which shall be not more than seven (7) calendar days after such acceleration upon which such application is to be made and upon such date interest on the principal amount of Bonds to be paid on such dates shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date.

Section 6.8 Default Interest and Acceleration Premium.

(a) In the event that principal or interest payable on the Bonds is not paid when due, there shall be payable on the amount not timely paid, interest at the Default Rate, to the extent permitted by law. This interest shall accrue at the Default Rate until the unpaid amount, together with interest thereon, shall have been paid in full.

(b) In the event there shall have occurred an acceleration of the Bonds or the Borrower's obligations under the Loan Agreement following an Event of Default on or before the First Optional Redemption Date, any tender of payment of any amount necessary to pay the Bonds in full shall include the acceleration premium set forth in Section 2.03(c) of the Loan Agreement, to the extent permitted by law.

ARTICLE VII THE TRUSTEE

Section 7.1 Appointment of Trustee. The Trustee is hereby appointed and does hereby agree to act in such capacity, and to perform the duties of the Trustee under this Indenture, but only upon and subject to the following express terms and conditions (and no implied covenants or other obligations shall be read into this Indenture against the Trustee):

(a) The Trustee may execute any of its trusts or powers hereunder and perform any of its duties by or through attorneys, agents, receivers or employees and shall not be responsible for the acts or omissions of any such attorney, agent, receiver or employee appointed with due care. The Trustee shall be entitled to advice of Counsel concerning all matters hereunder and may in all cases pay compensation to all such attorneys, agents, receivers and employees, at the expense of the Borrower. The Trustee may conclusively rely on and act upon the opinion or advice of Counsel (who may be counsel for the Issuer or the Borrower), accountants, engineers or surveyors selected by it in the exercise of reasonable care or, if the same are selected by the Issuer or the Borrower, approved by the Trustee in the exercise of reasonable care. The Trustee shall not be responsible for any loss or damage resulting from any action or non-action in good faith in reliance upon such opinion or advice. The Trustee shall be under no duty to perform an independent investigation as to any statement or fact contained in any certificate, opinion or advice it obtains regarding the accuracy or truth of any statement or correctness of any opinion.

(b) Except as provided in Section 7.8 hereof, the Trustee shall not be responsible for any recital herein or in the Bonds, or for the recording, re-recording, filing or re-filing of this Indenture, of any Financing Statements or continuation statements, or for insuring the Security or the Project Facilities or collecting any insurance moneys, or for the validity of this Indenture or of any supplements hereto or instruments of further assurance, or for the sufficiency of the security for the Bonds issued hereunder or intended to be secured hereby, or for the value of or title to the Project Facilities or otherwise as to the maintenance of the Security, for the technical or financial feasibility of the Project, or for the compliance of the project with the Act, or the tax-exempt status of the Bonds. The Trustee shall not be liable to the Borrower, any Holder or any other Person for any loss suffered in connection with any investment of funds made by it in accordance with Section 4.7 hereof in good faith as instructed by the Borrower in accordance with the provisions of this Indenture, and with the prior written consent of the Controlling Person, as applicable. The Trustee shall have no duty or responsibility to analyze, examine or review any financial report received by the Trustee or express any opinion concerning the contents of any financial report, and shall have no liability for the contents of any documents submitted to or delivered to any Holder in the nature of a preliminary or final placement memorandum, official statement, offering circular or similar disclosure document, and shall have no duty to express any opinion concerning the contents or accuracy of any of the foregoing.

(c) The Trustee shall not be accountable for the use of any Bonds authenticated or delivered hereunder after such Bonds shall have been delivered in accordance with instructions of the Issuer or for the use by the Borrower of the proceeds of the Bonds disbursed to the Borrower as provided in the Loan Agreement, or for the sufficiency of said proceeds or cash flow to accomplish the intended objective of the financing. The Trustee may become the owner of Bonds secured hereby with the same rights as any other Holder.

(d) The Trustee may request (at the expense of the Borrower) conclusively rely as to the truth of the statements and the correctness of the opinions expressed therein and shall be protected in acting or refraining from acting upon opinions of Counsel (who may be counsel for the Issuer or the Borrower) and upon any notice, request, consent, certificate, direction, order, judgement, affidavit, letter, telegram or other paper or document believed to be genuine and correct and to have been signed or sent by the proper person or persons. Any notices, directions, consents, approvals or requests provided to the Trustee pursuant to the terms of this Indenture or any of the Bond Documents shall not be effective until provided in writing. Any action taken by the Trustee pursuant to this Indenture upon the request or authority or consent of any Person who at the time of making such request or giving such authority or consent is the Holder of any Bond shall be conclusive and binding upon all future Holders of the same Bond and upon Bonds issued in exchange therefor or in place thereof.

(e) The permissive right of the Trustee to do things enumerated in this Indenture or the Loan Agreement shall not be construed as duties. The Trustee shall only be responsible for the performance of the duties expressly set forth herein and shall not be answerable for other than its negligence, bad faith or willful misconduct in the performance of those express duties.

(f) The Trustee shall not be personally liable for any debts contracted or for damages to persons or to personal property injured or damaged, or for salaries or non-fulfillment of contracts, relating to the Project Facilities.

(g) The Trustee shall not be required to give any bond or surety in respect of the execution of said trust and powers or otherwise in respect of this Indenture.

(h) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of the Holders unless the Holders shall have offered to the Trustee reimbursement of all expenses, security and indemnity satisfactory to it against any loss, liability or expense.

(i) All moneys received by the Trustee, until used or applied or invested as herein provided, shall be held as special trust funds for the purposes specified in this Indenture and for the benefit and security of the Holders of the Bonds as herein provided. Such moneys need not be segregated from other funds except to the extent required by law or herein provided, and the Trustee shall not otherwise be under any liability for interest on any moneys received hereunder except such as may be agreed upon.

(j) The Trustee shall not be bound to ascertain or inquire as to the performance of the obligations of the Borrower or the Issuer under the Loan Agreement or this Indenture, and shall not be deemed to have, or be required to take, notice of default under this Indenture (other than under Section 6.1(a) or (b), or Section 6.1(c) hereof if written notice thereof has been received by the Trustee) or the occurrence of a Determination of Taxability, except (i) in the event the Borrower fails to pay any Repayment when due, (ii) in the event of an insufficient amount in the Bond Fund (or any account therein) to make a principal or interest payment on the Bonds, (iii) in the event of written notification of a Determination of Taxability by the Holder of any Bonds, (iv) in the event of written notification of such Default by the Controlling Person, the Majority Owner or two or more Holders with combined holdings of not less than twenty-five percent (25%) of the principal amount of Outstanding Bonds, or (v) in the event of receipt of an Opinion of Bond Counsel concluding that a Determination of Taxability has occurred, and in the absence of such notice the Trustee may conclusively presume there is no Determination of Taxability and no default except as aforesaid. The Trustee may nevertheless require the Issuer and the Borrower to furnish information regarding performance of their obligations under the Loan Agreement and this Indenture, but is not obligated to do so.

(k) The Trustee shall, prior to any Event of Default and after the curing of all Events of Default which may have occurred, perform such duties and only such duties of the Trustee as are specifically set forth in this Indenture. The Trustee shall, during the existence of any Event of Default which has not been cured, exercise such of the rights and powers vested in it by this Indenture and use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of his/her own affairs.

(l) In addition to the Trustee's other duties hereunder, the Trustee shall authenticate and cancel Bonds as provided herein, keep such books and records relating to such duties as shall be consistent with prudent industry practice and make such books and records available for inspection by the Issuer and the Borrower at all reasonable times with reasonable notice. All Bonds shall be made available for authentication, exchange and registration of transfer at the designated corporate trust office of the Trustee.

(m) The Trustee shall have the right but not the responsibility or duty to inspect or oversee the construction or completion of the Improvements, including to inspect all books and records, or to verify the truthfulness or accuracy of the certifications made by the Borrower in any Requisition. The Trustee shall have the right but not the responsibility or duty or obligation to review or verify any information provided by the Borrower in any Requisition, and the Trustee shall not have to determine whether or not the information provided to it is complete.

(n) Without limiting the duties of the Trustee expressly set forth herein, the Trustee shall have no obligation or responsibility whatsoever in connection with (i) any federal or state tax-exempt status of the Tax-Exempt Bonds or the interest thereon; (ii) the consequences of the investment or non-investment of any funds or accounts relating to the Tax-Exempt Bonds under Section 148 of the Code, or (iii) the calculation of any amount required to be rebated to the United States under Section 148 of the Code.

(o) No provision of this Indenture, the Loan Agreement or the Bonds shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers.

(p) Whenever in the administration of this Indenture the Trustee deems it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee may, in the absence of bad faith on its part and except as otherwise expressly set forth herein, conclusively rely upon a written certificate of the Controlling Person or the Majority Owner.

(q) In the absence of a direction from the Controlling Person, if the Trustee receives inconsistent or conflicting requests and indemnity from two or more groups of Holders of the Bonds, each representing less than a majority in aggregate principal amount of the Bonds Outstanding, pursuant to the provisions of this Indenture, the directions given by the group of Holders which holds the largest percentage of the principal amount of the Bonds shall be controlling and the Trustee shall follow such directions.

(r) The Trustee's immunities and protections from liability and its rights to indemnification in connection with the performance of its duties under this Indenture shall likewise extend to the Trustee's officers, directors, agents, attorneys and employees. Such immunities and protections and rights to indemnification, together with the Trustee's rights to compensation, shall survive the Trustee's resignation or removal, the discharge of this Indenture and the final payment of the Bonds.

(s) The Trustee, in its commercial banking or in any other capacity, may in good faith buy, sell, own, hold or deal in any of the Bonds and may join in any action that any Holder may be entitled to take with like effect as if it were not the Trustee. The Trustee, in its commercial banking or in any other capacity, may also engage in or be interested in any financial or other transaction with the Borrower and may act as depository, trustee or agent for any committee of Holders secured hereby or other obligations of the Borrower, as freely as if it were not the Trustee hereunder. The provisions of this paragraph shall extend to the affiliates of the Trustee.

(t) *Intentionally omitted.*

(u) Whether or not expressly so provided, each and every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee is subject to the provisions of this Section.

(i) the Trustee shall not be liable for any error of judgment made in good faith by it unless it is proved that the Trustee was negligent in ascertaining the pertinent facts; and

(ii) the Trustee shall not be liable with respect to any action it takes or omits to take in accordance with a direction from the Controlling Person, or the Holders as provided herein.

(v) In no event shall the Trustee be liable to any person for special, punitive, indirect, consequential or incidental loss or damage of any kind whatsoever (including but not limited to lost profits), irrespective of whether the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action.

(w) The Trustee shall not be responsible or liable for any failure or delay in the performance of its obligations under this Indenture arising out of or caused, directly or indirectly, by a Force Majeure event.

(x) In executing or otherwise acting under any Bond Document, the Trustee shall enjoy all the rights, protections, benefits, immunities and indemnities granted to it hereunder and under the Bond Documents.

(y) The Trustee shall not be responsible or liable for the environmental condition or any contamination of any property secured by the Mortgage or for any diminution in value of any such property as a result of any contamination of the property by any Hazardous Substance. The Trustee shall not be liable for any claims by or on behalf of the Holders or any other person or entity arising from contamination of the property by any Hazardous Substance and shall have no duty or obligation to assess the environmental condition of any such property or with respect to compliance of any such property under state or federal laws pertaining to the transport, storage, treatment or disposal of Hazardous Substance or regulations, permits or licenses issued under such laws.

(z) The Trustee shall not be obligated to acquire possession of or take any action with respect to any property secured by the Mortgage, if as a result of such action, the Trustee would be considered to hold title to, to be a “mortgagee in possession of,” or to be an “owner” or “operator” of such property within the meaning of the Comprehensive Environmental Responsibility Cleanup and Liability Act of 1980 (“CERCLA”), as amended from time to time, or any equivalent designation in any analogous state or local laws or regulations promulgated pursuant to said laws, unless such action is reasonably necessary to preserve the Collateral or protect the security interest in the Collateral and the Trustee is (i) reasonably likely to be able to avail itself of a defense to liability under CERCLA or analogous state or local laws, and has had reasonable opportunity to conduct “all appropriate inquiry” as defined in 40 C.F.R. Part 312 and/or (ii) receives satisfactory security or indemnity for any losses, claims, damages and liabilities relating to such action pursuant to the terms herein. Notwithstanding the foregoing, if at any time,

the Trustee is required to take any action to preserve the Collateral or protect the security interest in the Collateral, prior to doing so, the Trustee may require that a satisfactory indemnity bond or "Premises Pollution Liability Insurance" be furnished to it for the payment or reimbursement of all expenses to which it may be put and to protect it against all liability resulting from any claims, judgments, damages, losses, fees, penalties or expenses which may result from such action.

(aa) The Trustee shall be under no obligation to effect or maintain insurance or to renew any policies of insurance or to inquire as to the sufficiency of any policies of insurance carried by the Borrower or any Guarantor, or to report, or make or file claims or proof of loss for, any loss or damage insured against or that may occur, or to keep itself informed or advised as to the payment of any taxes or assessments, or to require any such payment to be made.

(bb) The Trustee is hereby authorized and directed to execute and deliver each of the Bond Documents to which it is intended to be a party.

(cc) The Trustee shall have the right to accept and act upon directions given pursuant to the Bond Documents and delivered using Electronic Means; provided, however, that the Majority Owner and the Borrower shall provide to the Trustee an incumbency certificate listing the Controlling Person and the Authorized Persons with the authority to provide such directions and containing specimen signatures of such authorized individuals, which incumbency certificate shall be amended whenever a person is to be added or deleted from the listing. If the Majority Owner or the Borrower elects to give the Trustee directions using Electronic Means and the Trustee in its discretion elects to act upon such directions, the Trustee's understanding of such directions shall be deemed controlling. The Majority Owner and the Borrower each understands and agrees that the Trustee cannot determine the identity of the actual sender of such directions and that the Trustee shall conclusively presume that they have been sent by an authorized individual. The Majority Owner and the Borrower shall be responsible for ensuring that only a Controlling Person or Authorized Persons, as applicable, transmit such directions to the Trustee and that all authorized individuals treat applicable user and authorization codes, passwords and/or authentication keys with extreme care. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such directions notwithstanding such directions conflict or are inconsistent with a subsequent written direction. The Majority Owner and the Borrower each agrees: (i) to assume all risks arising out of the use of Electronic Means to submit directions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized directions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting directions to the Trustee and that there may be more secure methods of transmitting directions than the method(s) selected by it; (iii) that the security procedures (if any) to be followed in connection with its transmission of directions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

Section 7.2 Compensation and Indemnification of Trustee.

(a) The Loan Agreement provides that the Borrower will pay the reasonable fees and expenses of the Trustee under this Indenture and all other amounts which may be payable to the Trustee under this Section, such fees and expenses to be paid when due and payable by the

Borrower directly to the Trustee for its own account. The Trustee shall not have a lien on the Security for the payment of its fees or expenses and shall not be entitled to pay its fees and expenses from amounts held in the funds and accounts hereunder.

(b) The Borrower shall (i) pay the Trustee from time to time, and the Trustee shall be entitled to, reasonable compensation (which shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust) and the Trustee shall have the right to increase its fees as the cost of business dictates and as negotiated with the Borrower, (ii) pay or reimburse the Trustee upon request for all reasonable expenses, disbursements and advances incurred or made, in accordance with any of the provisions of this Indenture and the Loan Agreement (including the reasonable compensation and the reasonable expenses and disbursements of its Counsel and of all agents and other persons not regularly in its employ), except to the extent that any such expense, disbursement or advance is found by a court of competent jurisdiction to be the direct result of its own negligence, willful misconduct or bad faith, and (iii) indemnify the Trustee for, and hold it harmless against, any loss, liability or expense (including the reasonable compensation and the reasonable expenses and disbursements of its Counsel) incurred by it and whether arising from a claim by or against the Borrower or any other Person, arising out of or in connection with the acceptance or administration of this Indenture or the trusts hereunder or the performance of its duties hereunder or under the Loan Agreement, including the reasonable costs and expenses of defending itself against or investigating any claim of liability in the premises or to enforce this Section, except to the extent that any such loss, liability or expense is found by a court of competent jurisdiction to be the direct result of its own negligence, willful misconduct or bad faith. "Trustee," for purposes of this Section shall include any predecessor Trustee, but the negligence, willful misconduct or bad faith of any Trustee shall not affect the indemnification of any other Person. The obligations of the Borrower under this Section shall survive the termination of this Indenture and the removal or resignation of the Trustee.

(c) The provisions of this Section 7.2 shall not be subject to the recourse limitation of Section 10.13 of the Loan Agreement and shall survive the cancellation and discharge of this Indenture and the resignation or removal of the Trustee

Section 7.3 Intervention in Litigation. In any judicial proceedings to which the Issuer is a party, the Trustee may intervene on behalf of Holders, and shall intervene if requested in writing by the Controlling Person, the Majority Owner or the Holders of at least twenty-five percent (25%) in aggregate principal amount of Bonds then Outstanding. The Trustee shall be indemnified for such action.

Section 7.4 Resignation; Successor Trustees.

(a) The Trustee and any successor Trustee may resign upon giving sixty (60) days prior written notice to the Issuer, the Borrower, the Controlling Person and each Holder of Bonds then Outstanding as shown on the Register. Such resignation shall take effect only upon the appointment of a successor Trustee by the Issuer with the consent of the Controlling Person and the acceptance of such appointment by the successor Trustee. Notwithstanding the foregoing sentence, such resignation shall take effect upon the appointment of a successor Trustee by the Borrower with the consent of the Controlling Person and the Issuer, provided no Event of Default exists with respect to the Borrower under the Loan Agreement. If no successor is appointed within

sixty (60) days after the notice of resignation, the Controlling Person may appoint a Trustee or the resigning Trustee may appoint a successor or petition any court of competent jurisdiction to appoint a successor at the Borrower's expense. Upon appointment of a successor Trustee, the resigning Trustee shall assign all of its right, title and interest in this Indenture and the Security to the successor Trustee. The successor Trustee shall be a bank or trust company with trust powers organized under the laws of the United States of America or any state of the United States, or the District of Columbia, having a combined capital stock, surplus and undivided profits aggregating at least \$50,000,000. Any successor Trustee shall accept in writing its duties and responsibilities hereunder and such writing shall be filed with the Issuer, the Controlling Person and the Borrower.

(b) Any corporation into which the Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, reorganization or consolidation to which the Trustee shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the Trustee that includes this Indenture, shall be the successor of the Trustee hereunder without the execution or filing of any paper of any further act on the part of any Person, anything herein to the contrary notwithstanding, provided that such successor Trustee shall be eligible to serve as Trustee under the provisions of this Indenture. If the Trustee is not the successor corporation in any such merger or consolidation, the Trustee shall give notice of such event to the Borrower and shall take such action as may be required to effect a transfer of the trust included in this Indenture to such successor corporation.

Section 7.5 Removal of Trustee. The Trustee may be removed at any time, by an instrument or concurrent instruments in writing delivered to the Trustee, the Issuer, the Controlling Person and the Borrower and signed by the Majority Owner. During such time that no Event of Default has occurred and is continuing under this Indenture, the Trustee may also be removed by an instrument or concurrent instruments in writing delivered to the Trustee and the Issuer and signed by the Controlling Person, with notice to the Borrower. Such removal shall take effect only upon the appointment of a successor Trustee by the Issuer with the consent of the Controlling Person and the acceptance of such appointment by the successor Trustee. Notwithstanding the foregoing sentence, such removal shall take effect upon the appointment of a successor Trustee by the Borrower with the consent of the Controlling Person and the Issuer, provided no event of default exists with respect to the Borrower under the Bond Documents. Upon such removal, the Trustee shall assign to the successor Trustee all of its right, title and interest in this Indenture and the Security in the same manner as provided in Section 7.4 hereof. If no successor is appointed within sixty (60) days after the notice of removal, the Controlling Person may appoint a trustee or the resigning Trustee may appoint a successor or petition any court of competent jurisdiction to appoint a successor, at the Borrower's expense.

Section 7.6 Instruments of Holders.

(a) Any instrument required by this Indenture to be executed by Holders may be in any number of writings of similar tenor and may be executed by Holders in person or by agent appointed in writing. Proof of the execution of any such instrument or of the writing appointing any such agent and of the ownership of Bonds given in any of the following forms shall be sufficient for any of the purposes of this Indenture:

(i) A certificate of any officer in any jurisdiction who by law has power to take acknowledgments within such jurisdiction that the person signing such writing acknowledged before him/her the execution thereof; and

(ii) A certificate executed by any trust company or bank stating that at the date thereof the party named therein did exhibit to an officer of such trust company or bank, as the property of such party, the Bonds therein mentioned.

(b) The Trustee may rely on such an instrument of Holders unless and until the Trustee receives notice in the form specified in clauses (a) (i) or (ii) above that the original such instrument is no longer reliable.

Section 7.7 Power to Appoint Co-Trustees.

(a) At any time or times, for the purpose of meeting any legal requirements of any jurisdiction in which any part of the Project Facilities may at the time be located, the Issuer and the Trustee shall have power to appoint and, upon the request of the Trustee or of the Holders of a majority of the aggregate principal amount of the Bonds then Outstanding, the Issuer shall for such purpose join with the Trustee in the execution, delivery and performance of all instruments and agreements necessary or proper to appoint one or more persons approved by the Trustee and the Borrower either to act as co-trustee or co-trustees, jointly with the Trustee of all or any part of the Project Facilities, or to act as separate trustee or separate co-trustees of all or any part of the Project Facilities, and to vest in such person or persons, in such capacity, such title to the Project Facilities or any part thereof, and such rights, powers, duties, trusts or obligations as the Issuer and the Trustee may consider necessary or desirable, subject to the remaining provisions of this Section.

(b) Any co-trustee or separate trustee shall be a bank or trust company with trust powers organized under the laws of the United States of America or any state of the United States or the District of Columbia, having a combined capital stock, surplus and undivided profits aggregating at least \$50,000,000.

(c) The Trustee and co-trustee, if any, may by written instrument between them designate and assign either the Trustee or the co-trustee or both of them to perform all or any part of the responsibilities and duties of the Trustee under this Indenture.

(d) If the Issuer shall not have joined in such appointment within thirty (30) days after the receipt by it of a written request to do so, or in case an Event of Default shall have occurred and be continuing, the Trustee and the Borrower shall have the power to make such appointment.

(e) The Issuer shall execute, acknowledge and deliver all such instruments as may be required by any such co-trustee or separate trustee for more fully confirming such title, rights, powers, trusts, duties and obligations to such co-trustee or separate trustee.

(f) Every co-trustee or separate trustee appointed pursuant to this Section 7.7, to the extent permitted by law or any applicable contract, shall be subject to the following terms, namely:

(i) This Indenture shall become effective at the time the Bonds shall be authenticated and delivered, and thereupon such co-trustee or separate trustee shall have

all rights, powers, trusts, duties and obligations by this Indenture conferred upon the Trustee in respect of the custody, control or management of moneys, papers, securities and other personal property.

(ii) All rights, powers, trusts, duties and obligations conferred or imposed upon the trustees shall be conferred or imposed upon and exercised or performed by the Trustee, or by the Trustee and such co-trustee or co-trustees, or separate trustee or separate trustees, as shall be provided in the instrument appointing such co-trustee or co-trustees or separate trustee or separate trustees, except to the extent that, under the law of any jurisdiction in which any particular act or acts are to be performed, the Trustee shall be incompetent or unqualified to perform such act or acts, in which event such act or acts shall be performed by such co-trustee or co-trustees or separate trustee or separate trustees.

(iii) Any request in writing by the Trustee to any co-trustee or separate trustee to take or to refrain from taking any action hereunder shall be sufficient warrant for the taking, or the refraining from taking, of such action by such co-trustee or separate trustee.

(iv) Any co-trustee or separate trustee, to the extent permitted by law, may delegate to the Trustee the exercise of any right, power, trust, duty or obligation, discretionary or otherwise.

(v) The Trustee at any time, by an instrument in writing, with the concurrence of the Issuer, may accept the resignation of any co-trustee or separate trustee appointed under this Section, and, in case an Event of Default shall have occurred and be continuing, the Trustee shall have power to accept the resignation of, or remove, any such co-trustee or separate trustee without the concurrence of the Issuer. Upon the request of the Trustee, the Issuer shall join with the Trustee in the execution, delivery and performance of all instruments and agreements necessary or proper to effectuate such resignation or removal. A successor to any co-trustee or separate trustee so resigned or removed may be appointed in the manner provided in this Section.

(vi) No co-trustee or separate trustee hereunder shall be personally liable by reason of any act or omission of any other trustee hereunder.

(vii) Any moneys, papers, securities or other items of personal property received by any such co-trustee or separate trustee hereunder shall forthwith, so far as may be permitted by law, be turned over to the Trustee.

(g) Upon the acceptance in writing of such appointment by any such co-trustee or separate trustee, it or he shall be vested with the Security Interest in the Security and with such rights, powers, duties, trusts or obligations, as shall be specified in the instrument of appointment jointly with the Trustee (except insofar as applicable law makes it necessary for any such co-trustee or separate trustee to act alone) subject to all the terms of this Indenture. Every such acceptance shall be filed with the Trustee.

(h) In case any co-trustee or separate trustee shall die, become incapable of acting, resign or be removed, the security interest in the Security and all rights, powers, trusts, duties and

obligations of said co-trustee or separate trustee shall, so far as permitted by law, vest in and be exercised by the Trustee unless and until a successor co-trustee or separate trustee shall be appointed in the same manner as provided for with respect to the appointment of a successor Trustee pursuant to Section 7.4 hereof.

Section 7.8 Filing of Financing Statements. Pursuant to Section 3.02 of the Loan Agreement, the Borrower has agreed to file or record or cause to be filed or recorded all Financing Statements that are required in order fully to protect and preserve the Security Interests and the priority thereof and the rights and powers of the Trustee in connection therewith. The Trustee may file or record or cause to be filed or recorded all continuation statements for the purpose of continuing without lapse the effectiveness of (i) those Financing Statements naming the Trustee as secured party, which shall have been filed at or prior to the issuance of the Bonds and provided to the Trustee in connection with the Security pursuant to the authority of the UCC, and (ii) any previously filed continuation statements that shall have been filed as required herein. Notwithstanding anything to the contrary contained herein, the Trustee shall not be responsible for any initial filings of any Financing Statements or the information contained therein (including the exhibits thereto), the perfection of any such security interests except as provided in Section 3.02 of the Loan Agreement, or the accuracy or sufficiency of any description of collateral in such initial filings or for filing any modifications or amendments to the initial filings required by any amendments to Article 9 of the U.C.C., and unless the Trustee shall have been notified by the Borrower that any such initial filing or description of collateral was or has become defective, the Trustee shall be fully protected in relying on such initial filing and descriptions in filing any continuation statements or modifications thereto pursuant to this Section 7.8 and in filing any continuation statements in the same filing offices as the initial filings were made. The Borrower will pay all costs of preparation and filing the Financing Statements and all financing and continuation statements required hereunder and under Section 3.02 of the Loan Agreement.

Section 7.9 State Law Verifications. The Trustee makes the following representation and covenants pursuant to Chapters 2252, 2271, 2274, and 2276, Texas Government Code (the “Government Code”), as heretofore amended, in entering into this Indenture. As used herein, “affiliate” means an entity that controls, is controlled by, or is under common control with the Trustee within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit. Liability for breach of any such verification during the term of this Indenture shall survive until barred by the applicable statute of limitations and shall not be liquidated or otherwise limited by any provision of this Indenture, notwithstanding anything in this Indenture to the contrary.

(a) The Trustee represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153, Government Code, or Section 2270.0201, Government Code. The foregoing representation excludes the Trustee and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization.

(b) The Trustee hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and will not boycott Israel

during the term of this Indenture. As used in the foregoing verification, “boycott Israel” has the meaning provided in Section 2271.001, Government Code.

(c) The Trustee hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and will not discriminate against a firearm entity or firearm trade association during the term of this Indenture. As used in the foregoing verification, “discriminate against a firearm entity or firearm trade association” has the meaning provided in Section 2274.001(3), Government Code.

(d) The Trustee hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott energy companies and will not boycott energy companies during the term of this Indenture. As used in the foregoing verification, “boycott energy companies” has the meaning provided in Section 2276.001(1), Government Code.

The Trustee represents and verifies that it is aware of the Texas Office of the Attorney General’s (the “Texas Attorney General”) All Bond Counsel Letter, dated November 1, 2023, that is available on the website of the Texas Attorney General using the following link: (<https://www.texasattorneygeneral.gov/sites/default/files/files/divisions/public-finance/ABCLetter-11-01-2023.pdf>) and the Texas Attorney General’s supplemental All Bond Counsel Letter, dated November 16, 2023, that is available on the website of the Texas Attorney General using the following link: (<https://texasattorneygeneral.gov/sites/default/files/files/divisions/public-finance/ABCLetter-11-06-2023.pdf>). The Trustee represents and verifies that the Trustee has (i) on file a standing letter (“Standing Letter”) acceptable to the Texas Attorney General addressing the representations and verifications in this Section 11.23(a) through (d), and (ii) will, upon request of the Issuer or Bond Counsel on behalf of the Issuer, provide the Issuer and Bond Counsel with a copy of its Standing Letter. The Trustee further represents and verifies that its Standing Letter remains in effect as of the date of this Indenture and that the Texas Attorney General has not notified the Trustee that a determination has been made that the Trustee boycotts energy companies or has a policy that discriminates against firearm entities or firearm trade associations under the laws of the State of Texas. Upon request of the Issuer or Bond Counsel on the Issuer’s behalf, the Trustee shall provide additional written certifications to the Issuer and Bond Counsel (which may be by email) to the effect that the Texas Attorney General may continue to rely on the Standing Letter and the statutory representations and covenants contained in this Indenture through the Closing Date (the “Bringdown Verification”). The Issuer reserves the right, and the Trustee hereby expressly authorizes the Issuer, to provide such Bringdown Verifications to the Texas Attorney General.

ARTICLE VIII AMENDMENTS, SUPPLEMENTAL INDENTURES

Section 8.1 Supplemental Indentures.

(a) The Issuer and the Trustee, with the prior written consent of the Controlling Person, but without the consent of or notice to any Holders, may enter into an indenture or indentures supplemental to this Indenture that do not materially adversely affect the interest of the Holders for one or more of the following purposes:

(i) to grant to or confer upon the Trustee for the benefit of the Holders, any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Holders or the Trustee;

(ii) to grant or pledge to the Trustee for the benefit of Holders, any additional security other than that granted or pledged under this Indenture;

(iii) to modify, amend or supplement this Indenture or any indenture supplemental hereto in such manner as to permit the qualification thereof under the Trust Indenture Act or any similar federal statute then in effect or to permit the qualification of the Bonds for sale under the securities laws of any of the states of the United States;

(iv) to appoint a successor Trustee or co-trustees in the manner provided in Article VII hereof;

(v) *intentionally omitted*;

(vi) to cure any ambiguity or to correct or supplement any provision contained herein or in any supplemental indenture that may be defective or inconsistent with any provision contained herein or in any supplemental indenture, or to make such other provisions in regard to matters or questions arising under this Indenture which shall not materially adversely affect the interest of the Holders; or

(vii) to make any change herein necessary, in the opinion of Bond Counsel, to maintain the Federal Tax Status of the Tax-Exempt Bonds.

(b) When requested by the Issuer, and if all conditions precedent under this Indenture have been met, and there shall have been delivered to the Trustee an opinion of Bond Counsel to the effect that any supplemental indenture entered into pursuant to Article 8 is authorized or permitted by this Indenture and complies with its terms, that all conditions precedent thereto have been met and a Favorable Opinion of Bond Counsel, the Trustee will join the Issuer in the execution of such supplemental indenture, but shall not be required to join the Issuer in the execution of any such supplemental indenture unless it is reasonably compensated for additional obligations on the Trustee not initially contemplated and the Trustee is not otherwise adversely affected. Any additional compensation or the expansion of any indemnity obligation shall be the sole responsibility of the Borrower.

(c) Upon written request, the Trustee shall send copies of all such supplemental indentures to the Borrower. The Trustee shall cause notice of any supplemental indenture described above to be given by first-class mail, postage prepaid, to the Holders of the Outstanding Bonds then shown on the Register.

Section 8.2 Amendments to Indenture; Consent of Majority Owner, Holders, and Borrower.

(a) Exclusive of supplemental indentures covered by Section 8.1 hereof and subject to the terms and provisions contained in this Section 8.2 and not otherwise, anything contained in this Indenture to the contrary notwithstanding, no indenture or indentures supplemental hereto for

the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Indenture or in any supplemental indenture shall be effective without delivery of a Favorable Opinion of Bond Counsel, the written consent of the Majority Owner and execution and delivery by the Trustee (acting upon the direction of the Majority Owner) and the Issuer; provided, however, that nothing contained in this Section shall permit, or be construed as permitting, without the prior written consent of the Holders of all Outstanding Bonds, (i) an extension of the maturity of the principal of, or the optional, extraordinary or mandatory redemption date of, or interest on, any Bond, (ii) a reduction in the principal amount of or the rate of interest on, any Bond, (iii) a preference or priority of any Bond or Bonds over any other Bond or Bonds, (iv) the creation of a lien on the Security prior to the lien of this Indenture, or (v) a reduction in the aggregate principal amount of the Bonds required for any consent to any supplemental indenture; provided further, however, that without the prior written consent of the Trustee, the Trustee shall not be required to join the Issuer in the execution of any supplemental indenture unless it is reasonably compensated for additional obligations on the Trustee not initially contemplated and the Trustee is not otherwise adversely affected. Any additional compensation or the expansion of any indemnity obligation shall be the sole responsibility of the Borrower. The giving of notice to and consent of the Holders to any such proposed supplemental indenture shall be obtained pursuant to Section 8.5 hereof.

(b) Anything herein to the contrary notwithstanding, a supplemental indenture, amendment or other document described under this Article that affects any rights or obligations of the Borrower shall not become effective unless and until the Borrower shall have consented to the execution of such supplemental indenture, amendment or other document.

Section 8.3 Amendments to the Loan Agreement or the Note Not Requiring Consent of Holders.

(a) The Issuer shall not cause or permit to exist any amendment, modification, supplement, waiver or consent with respect to the Loan Agreement or the Note without the prior written consent of the Trustee, the Borrower and the Controlling Person. The Issuer may, with the consent of the Controlling Person, but without the consent of or notice to any other Holders, enter into or permit (and the Trustee shall consent to) any amendment of the Loan Agreement or the Note acceptable to the Borrower as may be required (i) for the purpose of curing any ambiguity or formal defect or omission that shall not adversely affect the interest of the Holders, (ii) to grant or pledge to the Issuer or Trustee, for the benefit of the Holders any additional security, (iii) to make any change therein necessary, in the opinion of Bond Counsel, to maintain the Federal Tax Status of the Tax-Exempt Bonds, or (iv) in connection with any other change therein which, in the judgment of the Trustee acting in reliance upon an opinion of Counsel, is not materially prejudicial to the interests of the Trustee and the Holders of the Bonds; provided, however, that without the written consent of the Trustee, the Trustee shall not be required to join in the execution of any such amendment that affects the rights, duties, obligations or immunities of the Trustee or that imposes additional obligations on the Trustee.

(b) The Issuer and the Borrower shall file copies of any such amendments to the Loan Agreement or the Note with the Trustee and the Controlling Person.

(c) In providing its consent to any amendment, modification, supplement, waiver or consent with respect to the Loan Agreement or the Note under this Section 8.3 or Section 8.4, the Trustee shall receive an opinion of Bond Counsel, at the sole expense of Borrower, that such amendment, modification, supplement, waiver or consent is authorized or permitted by this Indenture and complies with its terms, and that all conditions precedent thereto have been met.

Section 8.4 Amendments to the Loan Agreement or the Note Requiring Consent of Holders. Except as provided in Section 8.3 hereof, the Issuer shall not enter into, and the Trustee shall not consent to, any other modification or amendment of the Loan Agreement or the Note, nor shall any such modification or amendment become effective, without delivery of a Favorable Opinion of Bond Counsel and the prior written consent of the Majority Owner, such consent to be obtained in accordance with Section 8.5 hereof. No such amendment may, without the consent of the Holders of all the Outstanding Bonds, reduce the amounts or delay the times of payment of Repayments under the Loan Agreement or the Note. The Issuer and the Borrower shall file copies of all such amendments to the Loan Agreement or the Note with the Trustee, the Controlling Person and the Majority Owner.

Section 8.5 Notice to and Consent of Holders. If consent of the Controlling Person, the Majority Owner or any other Holder is required under the terms of this Indenture for the amendment of this Indenture, the Loan Agreement, or the Note or for any other similar purpose, the Trustee, upon written instruction, shall cause notice of the proposed execution of the amendment or supplemental indenture to be given by Electronic Means or first-class mail, postage prepaid, to the Controlling Person, the Majority Owner or any other applicable Holder then shown on the Register. Such notice shall briefly set forth the nature of the proposed amendment, supplemental indenture or other action and shall state that copies of any such amendment, supplemental indenture or other document are on file at the designated corporate trust office of the Trustee for inspection by all Holders. If, within forty five (45) days or such longer period as shall be prescribed by the Trustee following the mailing of such notice, the Controlling Person, the Majority Owner or the Holders of all, as the case may be, of the principal amount of the Bonds Outstanding by instruments filed with the Trustee shall have consented to the amendment, supplemental indenture or other proposed action, then the Trustee may execute such amendment, supplemental indenture or other document or take such proposed action and the consent of the Holders shall thereby be conclusively presumed.

ARTICLE IX CONTROLLING PERSON; SERVICING

Section 9.1 Majority Owner to Appoint Controlling Person. The Majority Owner may engage a Person, collaterally assign some or all of its rights hereunder to a Person, or otherwise provide for a Person, at the Majority Owner's sole cost and expense, to act on behalf of the Majority Owner under the Bond Documents as the "Controlling Person." The Majority Owner may at any time and from time to time terminate or remove and replace any such Controlling Person. The Majority Owner shall give written notice to the Trustee, the Issuer and the Borrower of its appointment, termination, removal or replacement of any Controlling Person, and the parties may rely on any such notice until any subsequent notice is given. Subject to any written agreement between the Controlling Person and Trustee, the Controlling Person may resign at any time by written notice to the Bondholders, the Issuer, the Trustee and the Borrower. Initially, the Majority

Owner has engaged [NewPoint Real Estate Investment Management LLC] to act as the “Controlling Person” hereunder, and [NewPoint Real Estate Investment Management LLC] has accepted such engagement. The Majority Owner is under no obligation to appoint a Controlling Person; if at any time a Controlling Person has not been designated by the Majority Owner, all references to the “Controlling Person” herein and in the other Bond Documents shall refer to the Majority Owner. Any opinion or certificate provided for herein, in the Loan Agreement or in any other Bond Document that is directed to the Controlling Person shall also be directed to, and may be relied upon by, the Majority Owner. The Majority Owner will have no liability to the Issuer, the Borrower, the Trustee or any other Person for any act or omission of the Controlling Person unless the Controlling Person is the Majority Owner or such act or omission was expressly approved by the Majority Owner in each particular case.

The Issuer and the Trustee shall not be responsible for monitoring the performance of the Controlling Person or for any acts or omissions of such Controlling Person.

Section 9.2 Servicing. The Controlling Person has appointed the Servicer to service the Loan for all or a portion of the term of the Loan. The Servicer shall service the Loan as required by the Controlling Person.

ARTICLE X MISCELLANEOUS

Section 10.1 Right of Trustee to Pay Taxes and Other Charges. If any tax, assessment or governmental or other charge upon any part of the Project Facilities is not paid as required, the Trustee may (but shall not be obligated to), subject to any indemnity required pursuant to Section 7.1(h) hereof, pay such tax, assessment or governmental or other charge, without prejudice, however, to any rights of the Trustee hereunder arising in consequence of such failure; and any amount at any time so paid under this Section, with interest thereon from the date of payment until paid at the greater of the rate of interest borne by the Bonds or the per annum rate of interest announced from time to time by the bank serving as Trustee (or its affiliate) as its “prime rate” shall become so much additional indebtedness secured by this Indenture, shall be given a preference in payment over the Bonds, and shall be paid out of the Security.

Section 10.2 Limitation of Rights. With the exception of rights herein expressly conferred, nothing expressed or mentioned in or to be implied from this Indenture or the Bonds is intended or shall be construed to give to any Person other than the parties hereto, the Holders, the Controlling Person and the Borrower, any legal or equitable right, remedy or claim under or in respect to this Indenture or any covenants, conditions and provisions herein contained; this Indenture and all of the covenants, conditions and provisions herein being intended to be and being for the sole and exclusive benefit of the parties hereto, the Holders, the Controlling Person and the Borrower as herein provided.

Section 10.3 Severability. If any provision of this Indenture is held to be in conflict with any applicable statute or rule of law or is otherwise held to be unenforceable for any reason whatsoever, such circumstances shall not have the effect of rendering the other provision or provisions herein contained invalid, inoperative, or unenforceable to any extent whatsoever. The

invalidity of any one or more phrases, sentences, clauses or sections of this Indenture, shall not affect the remaining portions of this Indenture or any part thereof.

Section 10.4 Notices. Except as otherwise provided herein, all notices, approvals, consents, requests, and other communications hereunder shall be in writing and shall be deemed to have been given when the writing is delivered if given or delivered by hand, overnight delivery service or Electronic Means (with confirmed receipt) to the address or email address set forth below and shall be deemed to have been given on the date deposited in the mail, if mailed, by first-class, registered or certified mail, postage prepaid, addressed as set forth below. Where required herein, notice shall be given by telephone, and promptly confirmed in writing, and shall be deemed given when given by telephone to the telephone numbers set forth below. The Issuer, the Borrower, the Trustee, the Majority Owner, the Controlling Person and the Equity Investor may, by written notice given hereunder, designate any different addresses, phone numbers and email address to which subsequent notices, certificates, approvals, consents, requests or other communications shall be sent.

To the Issuer: Texas Department of Housing and
Community Affairs
P.O. Box 13941
Austin, TX 78711
Attention: Director of Multifamily Bonds
Telephone: (512) 475-3344
E-mail: teresa.morales@tdhca.state.tx.us

To the Borrower: LDG The Ridge at Loop 12, LP
c/o LDG Development, LLC
545 S. 3rd St.
Louisville, KY 40202
Attention: Justin Hartz
Email: jhartz@ldgdevelopment.com

With copies to: Adams Law Group
6004 Brownsboro Park Blvd. Suite A
Louisville, KY 40207
Attention: Robert W. "Tad" Adams III
Email: rwa@tadamslaw.com

Dallas Housing Finance Corporation
1500 Marilla St., Room 6CN
Dallas, TX 75201
Attention: Aaron Equinto
Email: aaron@dallashfc.com

Chapman and Cutler
320 S. Canal St., 27th Floor
Chicago, IL 60606
Attention: Ryan Bowen
Email: rbowen@chapman.com

To Equity Investor: Wincopin Circle LLLP
c/o Enterprise Community Asset
Management, Inc.
70 Corporate Center
11000 Broken Land Parkway, Suite 700
Columbia, Maryland 21044
Attention: Asset Management

With a copy to: Email: legal@enterprisecommunity.org
Attention: Chief Legal Officer

To the Trustee: BOKF, NA
5956 Sherry Lane, Suite 900
Dallas TX 75225
Attention: Kathy McQuiston
Email: kmcquiston@bokf.com

To the Majority
Owner: At the address set forth on the Register
maintained by the Trustee

To the Controlling
Person: [NewPoint Real Estate Investment
Management LLC
1 Battery Park Place, Suite 600
New York, NY 10004
Attention: Robert Wrzosek – NewPoint
REIM
Email: rob.wrzosek@newpoint.com]

Section 10.5 Binding Effect. This instrument shall inure to the benefit of and shall be binding upon the Issuer and the Trustee and their respective successors and assigns, subject, however, to the limitations contained in this Indenture.

Section 10.6 Captions. The captions or headings in this Indenture are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Indenture.

Section 10.7 Governing Law. This Indenture shall be governed by and interpreted in accordance with the laws of the State, without regard to conflict of laws principles.

Section 10.8 Limited Liability of Issuer. Notwithstanding anything to the contrary, any liability for payment of money and any other liability or obligation which the Issuer may incur under the Bonds, this Indenture, the Loan Agreement, the Bond Placement Agreement or any other Bond Document shall not constitute a general obligation of the Issuer but shall constitute limited obligations of the Issuer payable solely from and enforced only against the Security.

Section 10.9 Execution in Counterparts; Electronic Signatures. This Indenture may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument. To the fullest extent permitted by applicable law and except for the certificate of authentication on the Bonds (which must be manually signed by an authorized representative of the Trustee) and instruments of transfer of the Bonds, facsimile or electronically transmitted signatures shall constitute original signatures for all purposes under this Indenture.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Issuer has caused this Indenture to be executed in its name and on its behalf by its authorized official and the Trustee has caused this Indenture to be executed, in its name by its duly authorized representative, all as of the day and year first above written.

**TEXAS DEPARTMENT OF HOUSING AND
COMMUNITY AFFAIRS, as Issuer**

By: _____

Name: James B. "Beau" Eccles

Title: Secretary to Board

[Signatures continue on following page]

Issuer Signature Page to Trust Indenture

BOKF, NA,
as Trustee

By: _____
Name: Kathy McQuiston
Title: Vice President

Trustee Signature Page to Trust Indenture

TDHCA (The Ridge at Loop 12)

EXHIBIT A-1

FORM OF 2025A-1 BONDS

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT, OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. THE HOLDER OF THIS SECURITY BY ITS ACCEPTANCE HEREOF AGREES TO TRANSFER SUCH SECURITY ONLY (A) TO AN "ACCREDITED INVESTOR" (AS DEFINED IN RULE 501(A)(1), (2), (3), (7), OR (8) OF REGULATION D PROMULGATED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR (B) TO A PERSON WHO IS A "QIB" AS DEFINED IN RULE 144A PROMULGATED UNDER THE SECURITIES ACT) (EACH AN "APPROVED TRANSFEREE", AND COLLECTIVELY, "APPROVED TRANSFEREES"), IN EITHER CASE, WHICH IS ACQUIRING THIS SECURITY FOR ITS OWN ACCOUNT OR AS A FIDUCIARY, CUSTODIAN, TRUSTEE OR AGENT FOR OTHER BENEFICIAL HOLDERS HOLDING BENEFICIAL INTERESTS IN THE BONDS THROUGH SUCH FIDUCIARY, CUSTODIAN, TRUSTEE OR AGENT (WHICH FIDUCIARY, CUSTODIAN, TRUSTEE OR AGENT AND SUCH BENEFICIAL HOLDERS MUST ALSO BE AN APPROVED TRANSFEREE); PROVIDED, AS A CONDITION PRECEDENT TO ANY SUCH TRANSFER ANY SUCH PROSPECTIVE TRANSFEREE SHALL DELIVER TO THE ISSUER AND TRUSTEE AN INVESTOR LETTER IN SUBSTANTIALLY THE FORM SET FORTH IN EXHIBIT C TO THE INDENTURE.

**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
MULTIFAMILY HOUSING REVENUE BONDS
(THE RIDGE AT LOOP 12)
SERIES 2025A-1**

No. [IA1][RA1]-___

DATED DATE MATURITY DATE INTEREST RATE

[March 1], 2025 [A-1 MATURITY] [A-1 RATE]%

REGISTERED OWNER: _____

PRINCIPAL AMOUNT: [_____] DOLLARS (\$[_____])

The **TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS** (the "*Issuer*"), a public and official agency of the State of Texas, for value received, hereby promises to pay (but only out of the revenues and other assets pledged under the Indenture (hereinafter defined)) to the Registered Owner specified above or registered assigns (subject to any right of prior redemption), (A) on each Principal Payment Date and the Maturity Date specified above, the applicable portion of the Principal Amount specified above, and (B) interest thereon, at the rate specified herein, payable on the first (1st) day of each month commencing on [FIRST

PAYMENT], to the person whose name appears on the registration books on the day before such day (whether or not a Business Day) (a “Record Date”) and to pay any other amounts as specified in the Indenture (hereinafter defined).

This 2025A-1 Bond is one of an issue of duly authorized Multifamily Housing Revenue Bonds (The Ridge at Loop 12) Series 2025A-1 issued in the aggregate principal amount of \$[] (the “2025A-1 Bonds”) pursuant to the provisions of Chapter 2306, Texas Government Code, as amended (the “Act”). Simultaneously with the issuance of the 2025A-1 Bonds, the Issuer will issue its Multifamily Housing Revenue Bonds (The Ridge at Loop 12) Series 2025A-2 issued in the aggregate principal amount of \$[] (the “2025A-2 Bonds”) and Multifamily Housing Revenue Bonds (The Ridge at Loop 12) Taxable Series 2025B issued in the aggregate principal amount of \$[] (the “2025B Bonds,” and together with the 2025A-1 Bonds and the 2025A-2 Bonds, the “Bonds”).

The Bonds are issued under and are equally and ratably secured by an Indenture of Trust, dated as of [March 1], 2025 (as amended, modified or supplemented from time to time, the “Indenture”), between the Issuer and the Trustee. All capitalized terms not defined herein shall have the meaning set forth in the Indenture.

Principal of, and premium, if any, on this 2025A-1 Bond are payable in such coin or currency of the United States as at time of payment is legal tender for payment of private and public debts, at the designated payment office of BOKF, NA, as trustee (the “Trustee”), or its successor.

Reference is hereby made to the Indenture and to all amendments and supplements thereto for a description of the property pledged and assigned to the Trustee and of the provisions, among others, with respect to the nature and extent of the security, the rights, duties and obligations of the Issuer and the Trustee, the terms on which this 2025A-1 Bond is issued and secured, the manner in which interest is computed on this 2025A-1 Bond, mandatory and optional redemption rights, acceleration, the rights of the Bondholders and the provisions for defeasance of such rights.

This 2025A-1 Bond is subject to optional and mandatory redemption in whole or in part, on the dates, under the terms and conditions and at the redemption prices set forth in the Indenture, all of the provisions of which are, by this reference, incorporated into this 2025A-1 Bond. Notice of redemption shall be given in the manner set forth in the Indenture.

THE BONDS OF WHICH THIS BOND IS A PART, TOGETHER WITH INTEREST THEREON, AND REDEMPTION PREMIUM, IF ANY, ARE NOT GENERAL OBLIGATIONS OF THE ISSUER, BUT ARE SPECIAL, LIMITED OBLIGATIONS OF THE ISSUER SECURED BY THE SECURITY, ARE AND WILL ALWAYS BE PAYABLE SOLELY FROM THE REVENUES AND INCOME DERIVED FROM THE SECURITY (EXCEPT TO THE EXTENT PAID OUT OF MONEYS ATTRIBUTABLE TO PROCEEDS OF THE BONDS OR THE INCOME FROM THE TEMPORARY INVESTMENT THEREOF), AND ARE AND WILL ALWAYS BE A VALID CLAIM OF THE OWNER THEREOF ONLY AGAINST THE REVENUES AND INCOME DERIVED FROM THE SECURITY, WHICH REVENUES AND INCOME MAY BE USED FOR NO OTHER PURPOSE THAN TO PAY THE PRINCIPAL INSTALLMENTS OF, REDEMPTION PREMIUM, IF ANY, AND INTEREST ON THE BONDS, EXCEPT AS MAY BE EXPRESSLY AUTHORIZED OTHERWISE IN THIS

INDENTURE AND IN THE LOAN AGREEMENT. THE BONDS AND THE OBLIGATION TO PAY INTEREST THEREON AND REDEMPTION PREMIUM, IF ANY, DO NOT NOW AND WILL NEVER CONSTITUTE A DEBT OR AN OBLIGATION OF THE STATE OF TEXAS OR ANY POLITICAL SUBDIVISION THEREOF AND NEITHER THE STATE NOR ANY POLITICAL SUBDIVISION THEREOF WILL BE LIABLE THEREFOR, **THE BONDS ARE NOT AND DO NOT CREATE OR CONSTITUTE IN ANY WAY AN OBLIGATION, A DEBT OR A LIABILITY OF THE STATE OF TEXAS OR ANY POLITICAL SUBDIVISION THEREOF, OR CREATE OR CONSTITUTE A PLEDGE, GIVING OR LENDING OF THE FAITH, CREDIT, OR TAXING POWER OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF. THE ISSUER HAS NO TAXING POWER.**

Interest on this 2025A-1 Bond shall be computed on the basis of a 360-day year, comprised of twelve 30-day months. Interest on this 2025A-1 Bond shall be payable in such coin or currency of the United States as at time of payment is legal tender for payment of private and public debts, at the designated payment office of the Trustee or its successor.

The proceeds from the Bonds are to be used for the purpose of making a mortgage loan pursuant to a Loan Agreement, dated as of [March 1], 2025 (as amended, modified or supplemented from time to time, the “Loan Agreement”), between the Issuer and LDG The Ridge at Loop 12, LP, (the “Borrower”), to finance the acquisition, construction and equipping of an approximately 300-unit multifamily residential rental housing project located or to be located at 1100 N. Walton Walker Blvd, Dallas, Dallas County, Texas 75211, and subordinate and related facilities thereto, to be known as The Ridge at Loop 12 (the “Project Facilities”). The Borrower’s payment obligations under the Loan Agreement will be evidenced by the Note and secured by the Mortgage.

Reference is hereby made to the Indenture and to all amendments and supplements thereto for a description of the property pledged and assigned to the Trustee and of the provisions, among others, with respect to the nature and extent of the security, the rights, duties and obligations of the Issuer and the Trustee, the terms on which this 2025A-1 Bond is issued and secured, the manner in which interest is computed on this 2025A-1 Bond, mandatory and optional redemption rights, acceleration, the rights of the Bondholders and the provisions for defeasance of such rights.

NO RECOURSE SHALL BE HAD FOR THE PAYMENT OF THE PRINCIPAL OF OR PREMIUM OR INTEREST ON THIS BOND AGAINST ANY PAST, PRESENT, OR FUTURE GOVERNING BOARD MEMBER, DIRECTOR, OFFICER, AGENT OR EMPLOYEE OF THE ISSUER, OR OF ANY SUCCESSOR TO THE ISSUER, AS SUCH, EITHER DIRECTLY OR THROUGH THE ISSUER OR ANY SUCCESSOR TO THE ISSUER, UNDER ANY RULE OF LAW OR EQUITY, STATUTE, OR CONSTITUTION OR BY THE ENFORCEMENT OF ANY ASSESSMENT OR PENALTY OR OTHERWISE, AND ALL SUCH LIABILITY OF ANY SUCH OFFICERS, DIRECTORS, MEMBERS, EMPLOYEES, OR AGENTS, AS SUCH, IS HEREBY EXPRESSLY WAIVED AND RELEASED AS A CONDITION OF, AND CONSIDERATION FOR, THE EXECUTION AND ISSUANCE OF THIS BOND.

The registered owner of this 2025A-1 Bond shall have no right to enforce the provisions of the Indenture or to institute action to enforce the covenants therein, or to take any action with

respect to any event of default thereunder, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture.

By its purchase of this 2025A-1 Bond, the registered owner hereof agrees to the appointment of the Controlling Person as provided in the Indenture and authorizes the Controlling Person to exercise such rights and remedies afforded to the Controlling Person on behalf of the Bondholder as provided in the Bond Documents.

Modifications or alterations of the Indenture or of any indenture supplemental thereto may be made only to the extent and in the circumstances permitted by the Indenture.

This 2025A-1 Bond may be exchanged, and its transfer may be effected, only by the registered owner hereof in person or by his attorney duly authorized in writing at the designated corporate trust office of the Trustee, but only in the manner and subject to the limitations provided in the Indenture. Upon exchange or registration of such transfer a new registered bond or bonds of the same series, maturity and interest rate and of an Authorized Denomination or Authorized Denominations for the same aggregate principal amount will be issued in exchange therefor.

The Issuer and the Trustee may deem and treat the person in whose name this 2025A-1 Bond shall be registered on the bond register as the absolute owner hereof for the purpose of receiving payment of or on account of principal hereof and interest due hereon and for all other purposes and neither the Issuer nor the Trustee shall be affected by any notice to the contrary.

All acts, conditions and things required by the laws of the State to exist, happen and be performed precedent to and in the execution and delivery of the Indenture and the issuance of the Bonds do exist, have happened and have been performed in due time, form and manner as required by law.

Neither the members of the Governing Board of the Issuer nor any officer, agent, representative or employee of the Issuer nor any person executing this 2025A-1 Bond shall be subject to any personal liability or accountability by reason of the issuance hereof, whether by virtue of any Constitution, statute or rule of law, or by the enforcement of any assessment or penalty, or otherwise, all such liability being expressly waived as a condition of and in consideration for the execution of the Indenture and the issuance of the 2025A-1 Bonds.

This 2025A-1 Bond shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose until the Trustee shall have executed the Certificate of Authentication, or the execution by the Comptroller of Public Accounts of the State of Texas of the Comptroller's Registration Certificate, hereon.

IT IS HEREBY CERTIFIED, RECITED AND REPRESENTED that the issuance of this 2025A-1 Bond is duly authorized by law; that all acts, conditions and things required to exist and to be done precedent to and in the issuance of this 2025A-1 Bond to render the same lawful and valid have been properly done and performed and have happened in regular and due time, form and manner as required by law; and that all acts, conditions and things necessary to be done or performed by the Issuer or to have happened precedent to or in the execution and delivery of the Indenture have been done and performed and have happened in regular and due form as required by law.

IN WITNESS WHEREOF, the Issuer has caused this 2025A-1 Bond to be executed in its name under its official seal by the manual or facsimile signature of its Chair or Vice Chair and attested by the manual or facsimile signature of its Secretary all as of the Dated Date hereof.

**TEXAS DEPARTMENT OF HOUSING AND
COMMUNITY AFFAIRS, as Issuer**

(SEAL)

By: _____

Title: [Vice] Chair

ATTEST:

By: _____

Title: Secretary

[FORM OF COMPTROLLER'S REGISTRATION
CERTIFICATE ON INITIAL BOND]

**REGISTRATION CERTIFICATE OF
COMPTROLLER OF PUBLIC ACCOUNTS**

OFFICE OF THE COMPTROLLER §
OF PUBLIC ACCOUNTS § REGISTER NO. _____
THE STATE OF TEXAS §

I HEREBY CERTIFY that this Bond has been examined, certified as to validity and approved by the Attorney General of the State of Texas, and duly registered by the Texas Comptroller of Public Accounts.

Witness my signature and seal of office this _____.

Comptroller of Public Accounts of the
State of Texas

(SEAL)

[FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION
ON EACH BOND OTHER THAN THE INITIAL BOND]

CERTIFICATE OF AUTHENTICATION

This is to certify that this Bond is one of the Bonds referred to in the within mentioned Indenture.

Date of Authentication: _____

BOKF, NA,
as Trustee

By: _____
Authorized Signatory

[FORM OF ASSIGNMENT]

ASSIGNMENT FOR TRANSFER

FOR VALUE RECEIVED, the undersigned, hereby sells, assigns and transfers unto _____ (Tax Identification or Social Security No. _____) the within bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ attorney to transfer the within bond on the books kept for registration thereof, with full power or substitution in the premises.

Date:
Signature Guaranteed:
NOTICE: Signature(s) must be guaranteed by a signature guarantor institution that is a participant in a nationally recognized signature guarantor program.

Signature
NOTICE: The signature to this assignment must correspond with the name of the registered owner of the within bond as it appears on the face hereof in every particular, without alteration or enlargement or any change whatever, and the Social Security number or federal employer identification must be supplied.

SCHEDULE 1

AMORTIZATION SCHEDULE

[TO COME]

EXHIBIT A-2

FORM OF 2025A-2 BONDS

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT, OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. THE HOLDER OF THIS SECURITY BY ITS ACCEPTANCE HEREOF AGREES TO TRANSFER SUCH SECURITY ONLY (A) TO AN “ACCREDITED INVESTOR” (AS DEFINED IN RULE 501(A)(1), (2), (3), (7), OR (8) OF REGULATION D PROMULGATED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR (B) TO A PERSON WHO IS A “QIB” AS DEFINED IN RULE 144A PROMULGATED UNDER THE SECURITIES ACT) (EACH AN “APPROVED TRANSFEREE”, AND COLLECTIVELY, “APPROVED TRANSFEREES”), IN EITHER CASE, WHICH IS ACQUIRING THIS SECURITY FOR ITS OWN ACCOUNT OR AS A FIDUCIARY, CUSTODIAN, TRUSTEE OR AGENT FOR OTHER BENEFICIAL HOLDERS HOLDING BENEFICIAL INTERESTS IN THE BONDS THROUGH SUCH FIDUCIARY, CUSTODIAN, TRUSTEE OR AGENT (WHICH FIDUCIARY, CUSTODIAN, TRUSTEE OR AGENT AND SUCH BENEFICIAL HOLDERS MUST ALSO BE AN APPROVED TRANSFEREE); PROVIDED, AS A CONDITION PRECEDENT TO ANY SUCH TRANSFER ANY SUCH PROSPECTIVE TRANSFEREE SHALL DELIVER TO THE ISSUER AND TRUSTEE AN INVESTOR LETTER IN SUBSTANTIALLY THE FORM SET FORTH IN EXHIBIT C TO THE INDENTURE.

**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
MULTIFAMILY HOUSING REVENUE BONDS
(THE RIDGE AT LOOP 12)
SERIES 2025A-2**

No. [IA2][RA2]-___

DATED DATE MATURITY DATE INTEREST RATE

[March 1], 2025 [A-2 MATURITY] [A-2 RATE]%

REGISTERED OWNER: _____

PRINCIPAL AMOUNT: [_____] DOLLARS (\$[_____])

The **TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS** (the “*Issuer*”), a public and official agency of the State of Texas, for value received, hereby promises to pay (but only out of the revenues and other assets pledged under the Indenture (hereinafter defined)) to the Registered Owner specified above or registered assigns (subject to any right of prior redemption), (A) on each Principal Payment Date and the Maturity Date specified above, the applicable portion of the Principal Amount specified above, and (B) interest thereon, at the rate specified herein, payable on the first (1st) day of each month commencing on [FIRST

PAYMENT], to the person whose name appears on the registration books on the day before such day (whether or not a Business Day) (a “Record Date”) and to pay any other amounts as specified in the Indenture (hereinafter defined).

This 2025A-2 Bond is one of an issue of duly authorized Multifamily Housing Revenue Bonds (The Ridge at Loop 12) Series 2025A-2 issued in the aggregate principal amount of \$[] (the “2025A-2 Bonds”) pursuant to the provisions of Chapter 2306, Texas Government Code, as amended (the “Act”). Simultaneously with the issuance of the 2025A-2 Bonds, the Issuer will issue its Multifamily Housing Revenue Bonds (The Ridge at Loop 12) Series 2025A-1 issued in the aggregate principal amount of \$[] (the “2025A-1 Bonds”) and Multifamily Housing Revenue Bonds (The Ridge at Loop 12) Taxable Series 2025B issued in the aggregate principal amount of \$[] (the “2025B Bonds and together with the 2025A-1 Bonds and the 2025A-2 Bonds, the “Bonds”).

The Bonds are issued under and are equally and ratably secured by an Indenture of Trust, dated as of [March 1], 2025 (as amended, modified or supplemented from time to time, the “Indenture”), between the Issuer and the Trustee. All capitalized terms not defined herein shall have the meaning set forth in the Indenture.

Principal of, and premium, if any, on this 2025A-2 Bond are payable in such coin or currency of the United States as at time of payment is legal tender for payment of private and public debts, at the designated payment office of BOKF, NA, as trustee (the “Trustee”), or its successor.

Reference is hereby made to the Indenture and to all amendments and supplements thereto for a description of the property pledged and assigned to the Trustee and of the provisions, among others, with respect to the nature and extent of the security, the rights, duties and obligations of the Issuer and the Trustee, the terms on which this 2025A-2 Bond is issued and secured, the manner in which interest is computed on this 2025A-2 Bond, mandatory and optional redemption rights, acceleration, the rights of the Bondholders and the provisions for defeasance of such rights.

This 2025A-2 Bond is subject to optional and mandatory redemption in whole or in part, on the dates, under the terms and conditions and at the redemption prices set forth in the Indenture, all of the provisions of which are, by this reference, incorporated into this 2025A-2 Bond. Notice of redemption shall be given in the manner set forth in the Indenture.

THE BONDS OF WHICH THIS BOND IS A PART, TOGETHER WITH INTEREST THEREON, AND REDEMPTION PREMIUM, IF ANY, ARE NOT GENERAL OBLIGATIONS OF THE ISSUER, BUT ARE SPECIAL, LIMITED OBLIGATIONS OF THE ISSUER SECURED BY THE SECURITY, ARE AND WILL ALWAYS BE PAYABLE SOLELY FROM THE REVENUES AND INCOME DERIVED FROM THE SECURITY (EXCEPT TO THE EXTENT PAID OUT OF MONEYS ATTRIBUTABLE TO PROCEEDS OF THE BONDS OR THE INCOME FROM THE TEMPORARY INVESTMENT THEREOF), AND ARE AND WILL ALWAYS BE A VALID CLAIM OF THE OWNER THEREOF ONLY AGAINST THE REVENUES AND INCOME DERIVED FROM THE SECURITY, WHICH REVENUES AND INCOME MAY BE USED FOR NO OTHER PURPOSE THAN TO PAY THE PRINCIPAL INSTALLMENTS OF, REDEMPTION PREMIUM, IF ANY, AND INTEREST ON THE BONDS, EXCEPT AS MAY BE EXPRESSLY AUTHORIZED OTHERWISE IN THIS

INDENTURE AND IN THE LOAN AGREEMENT. THE BONDS AND THE OBLIGATION TO PAY INTEREST THEREON AND REDEMPTION PREMIUM, IF ANY, DO NOT NOW AND WILL NEVER CONSTITUTE A DEBT OR AN OBLIGATION OF THE STATE OF TEXAS OR ANY POLITICAL SUBDIVISION THEREOF AND NEITHER THE STATE NOR ANY POLITICAL SUBDIVISION THEREOF WILL BE LIABLE THEREFOR, **THE BONDS ARE NOT AND DO NOT CREATE OR CONSTITUTE IN ANY WAY AN OBLIGATION, A DEBT OR A LIABILITY OF THE STATE OF TEXAS OR ANY POLITICAL SUBDIVISION THEREOF, OR CREATE OR CONSTITUTE A PLEDGE, GIVING OR LENDING OF THE FAITH, CREDIT, OR TAXING POWER OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF. THE ISSUER HAS NO TAXING POWER.**

Interest on this 2025A-2 Bond shall be computed on the basis of a 360-day year, comprised of twelve 30-day months. Interest on this 2025A-2 Bond shall be payable in such coin or currency of the United States as at time of payment is legal tender for payment of private and public debts, at the designated payment office of the Trustee or its successor.

The proceeds from the Bonds are to be used for the purpose of making a mortgage loan pursuant to a Loan Agreement, dated as of [March 1], 2025 (as amended, modified or supplemented from time to time, the “Loan Agreement”), between the Issuer and LDG The Ridge at Loop 12, LP, (the “Borrower”), to finance the acquisition, construction and equipping of an approximately 300-unit multifamily residential rental housing project located or to be located at 1100 N. Walton Walker Blvd, Dallas, Dallas County, Texas 75211, and subordinate and related facilities thereto, to be known as The Ridge at Loop 12 (the “Project Facilities”). The Borrower’s payment obligations under the Loan Agreement will be evidenced by the Note and secured by the Mortgage.

Reference is hereby made to the Indenture and to all amendments and supplements thereto for a description of the property pledged and assigned to the Trustee and of the provisions, among others, with respect to the nature and extent of the security, the rights, duties and obligations of the Issuer and the Trustee, the terms on which this 2025A-2 Bond is issued and secured, the manner in which interest is computed on this 2025A-2 Bond, mandatory and optional redemption rights, acceleration, the rights of the Bondholders and the provisions for defeasance of such rights.

NO RECOURSE SHALL BE HAD FOR THE PAYMENT OF THE PRINCIPAL OF OR PREMIUM OR INTEREST ON THIS BOND AGAINST ANY PAST, PRESENT, OR FUTURE GOVERNING BOARD MEMBER, DIRECTOR, OFFICER, AGENT OR EMPLOYEE OF THE ISSUER, OR OF ANY SUCCESSOR TO THE ISSUER, AS SUCH, EITHER DIRECTLY OR THROUGH THE ISSUER OR ANY SUCCESSOR TO THE ISSUER, UNDER ANY RULE OF LAW OR EQUITY, STATUTE, OR CONSTITUTION OR BY THE ENFORCEMENT OF ANY ASSESSMENT OR PENALTY OR OTHERWISE, AND ALL SUCH LIABILITY OF ANY SUCH OFFICERS, DIRECTORS, MEMBERS, EMPLOYEES, OR AGENTS, AS SUCH, IS HEREBY EXPRESSLY WAIVED AND RELEASED AS A CONDITION OF, AND CONSIDERATION FOR, THE EXECUTION AND ISSUANCE OF THIS BOND.

The registered owner of this 2025A-2 Bond shall have no right to enforce the provisions of the Indenture or to institute action to enforce the covenants therein, or to take any action with

respect to any event of default thereunder, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture.

By its purchase of this 2025A-2 Bond, the registered owner hereof agrees to the appointment of the Controlling Person as provided in the Indenture and authorizes the Controlling Person to exercise such rights and remedies afforded to the Controlling Person on behalf of the Bondholder as provided in the Bond Documents.

Modifications or alterations of the Indenture or of any indenture supplemental thereto may be made only to the extent and in the circumstances permitted by the Indenture.

This 2025A-2 Bond may be exchanged, and its transfer may be effected, only by the registered owner hereof in person or by his attorney duly authorized in writing at the designated corporate trust office of the Trustee, but only in the manner and subject to the limitations provided in the Indenture. Upon exchange or registration of such transfer a new registered bond or bonds of the same series, maturity and interest rate and of an Authorized Denomination or Authorized Denominations for the same aggregate principal amount will be issued in exchange therefor.

The Issuer and the Trustee may deem and treat the person in whose name this 2025A-2 Bond shall be registered on the bond register as the absolute owner hereof for the purpose of receiving payment of or on account of principal hereof and interest due hereon and for all other purposes and neither the Issuer nor the Trustee shall be affected by any notice to the contrary.

All acts, conditions and things required by the laws of the State to exist, happen and be performed precedent to and in the execution and delivery of the Indenture and the issuance of the Bonds do exist, have happened and have been performed in due time, form and manner as required by law.

Neither the members of the Governing Board of the Issuer nor any officer, agent, representative or employee of the Issuer nor any person executing this 2025A-2 Bond shall be subject to any personal liability or accountability by reason of the issuance hereof, whether by virtue of any Constitution, statute or rule of law, or by the enforcement of any assessment or penalty, or otherwise, all such liability being expressly waived as a condition of and in consideration for the execution of the Indenture and the issuance of the 2025A-2 Bonds.

This 2025A-2 Bond shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose until the Trustee shall have executed the Certificate of Authentication, or the execution by the Comptroller of Public Accounts of the State of Texas of the Comptroller's Registration Certificate, hereon.

IT IS HEREBY CERTIFIED, RECITED AND REPRESENTED that the issuance of this 2025A-2 Bond is duly authorized by law; that all acts, conditions and things required to exist and to be done precedent to and in the issuance of this 2025A-2 Bond to render the same lawful and valid have been properly done and performed and have happened in regular and due time, form and manner as required by law; and that all acts, conditions and things necessary to be done or performed by the Issuer or to have happened precedent to or in the execution and delivery of the Indenture have been done and performed and have happened in regular and due form as required by law.

IN WITNESS WHEREOF, the Issuer has caused this 2025A-2 Bond to be executed in its name under its official seal by the manual or facsimile signature of its Chair or Vice Chair and attested by the manual or facsimile signature of its Secretary all as of the Dated Date hereof.

**TEXAS DEPARTMENT OF HOUSING AND
COMMUNITY AFFAIRS, as Issuer**

(SEAL)

By: _____

Title: [Vice] Chair

ATTEST:

By: _____

Title: Secretary

[FORM OF COMPTROLLER'S REGISTRATION
CERTIFICATE ON INITIAL BOND]

**REGISTRATION CERTIFICATE OF
COMPTROLLER OF PUBLIC ACCOUNTS**

OFFICE OF THE COMPTROLLER §
OF PUBLIC ACCOUNTS § REGISTER NO. _____
THE STATE OF TEXAS §

I HEREBY CERTIFY that this Bond has been examined, certified as to validity and approved by the Attorney General of the State of Texas, and duly registered by the Texas Comptroller of Public Accounts.

Witness my signature and seal of office this _____.

Comptroller of Public Accounts of the
State of Texas

(SEAL)

[FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION
ON EACH BOND OTHER THAN THE INITIAL BOND]

CERTIFICATE OF AUTHENTICATION

This is to certify that this Bond is one of the Bonds referred to in the within mentioned Indenture.

Date of Authentication: _____

BOKF, NA,
as Trustee

By: _____
Authorized Signatory

[FORM OF ASSIGNMENT]

ASSIGNMENT FOR TRANSFER

FOR VALUE RECEIVED, the undersigned, hereby sells, assigns and transfers unto _____ (Tax Identification or Social Security No. _____) the within bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ attorney to transfer the within bond on the books kept for registration thereof, with full power or substitution in the premises.

Date:
Signature Guaranteed:
NOTICE: Signature(s) must be guaranteed by a signature guarantor institution that is a participant in a nationally recognized signature guarantor program.

Signature
NOTICE: The signature to this assignment must correspond with the name of the registered owner of the within bond as it appears on the face hereof in every particular, without alteration or enlargement or any change whatever, and the Social Security number or federal employer identification must be supplied.

EXHIBIT A-3

FORM OF 2025B BONDS

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT, OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. THE HOLDER OF THIS SECURITY BY ITS ACCEPTANCE HEREOF AGREES TO TRANSFER SUCH SECURITY ONLY (A) TO AN “ACCREDITED INVESTOR” (AS DEFINED IN RULE 501(A)(1), (2), (3), (7), OR (8) OF REGULATION D PROMULGATED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR (B) TO A PERSON WHO IS A “QIB” AS DEFINED IN RULE 144A PROMULGATED UNDER THE SECURITIES ACT) (EACH AN “APPROVED TRANSFEREE”, AND COLLECTIVELY, “APPROVED TRANSFEREES”), IN EITHER CASE, WHICH IS ACQUIRING THIS SECURITY FOR ITS OWN ACCOUNT OR AS A FIDUCIARY, CUSTODIAN, TRUSTEE OR AGENT FOR OTHER BENEFICIAL HOLDERS HOLDING BENEFICIAL INTERESTS IN THE BONDS THROUGH SUCH FIDUCIARY, CUSTODIAN, TRUSTEE OR AGENT (WHICH FIDUCIARY, CUSTODIAN, TRUSTEE OR AGENT AND SUCH BENEFICIAL HOLDERS MUST ALSO BE AN APPROVED TRANSFEREE); PROVIDED, AS A CONDITION PRECEDENT TO ANY SUCH TRANSFER ANY SUCH PROSPECTIVE TRANSFEREE SHALL DELIVER TO THE ISSUER AND TRUSTEE AN INVESTOR LETTER IN SUBSTANTIALLY THE FORM SET FORTH IN EXHIBIT C TO THE INDENTURE.

**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
MULTIFAMILY HOUSING REVENUE BONDS
(THE RIDGE AT LOOP 12)
TAXABLE SERIES 2025B**

No. [IB][RB]-____

<u>DATED DATE</u>	<u>MATURITY DATE</u>	<u>INTEREST RATE</u>
[March 1], 2025	[B MATURITY]	[B RATE]%

REGISTERED OWNER: _____

PRINCIPAL AMOUNT: [_____] DOLLARS (\$[_____])

The **TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS** (the “*Issuer*”), a public and official agency of the State of Texas, for value received, hereby promises to pay (but only out of the revenues and other assets pledged under the Indenture (hereinafter defined)) to the Registered Owner specified above or registered assigns (subject to any right of prior redemption), (A) on each Principal Payment Date and the Maturity Date specified above, the applicable portion of the Principal Amount specified above, and (B) interest thereon, at the rate

specified herein, payable on the first (1st) day of each month commencing on [FIRST PAYMENT], to the person whose name appears on the registration books on the day before such day (whether or not a Business Day) (a “Record Date”) and to pay any other amounts as specified in the Indenture (hereinafter defined).

This 2025B Bond is one of an issue of duly authorized Multifamily Housing Revenue Bonds (The Ridge at Loop 12) Taxable Series 2025B issued in the aggregate principal amount of \$[] (the “2025B Bonds”) pursuant to the provisions of Chapter 2306, Texas Government Code, as amended (the “Act”). Simultaneously with the issuance of the 2025B Bonds, the Issuer will issue its Multifamily Housing Revenue Bonds (The Ridge at Loop 12) Series 2025A-1 issued in the aggregate principal amount of \$[] (the “2025A-1 Bonds”) and Multifamily Housing Revenue Bonds (The Ridge at Loop 12) Series 2025A-2 issued in the aggregate principal amount of \$[] (the “2025A-2 Bonds,” and together with the 2025A-1 Bonds and the 2025B Bonds, the “Bonds”).

The Bonds are issued under and are equally and ratably secured by an Indenture of Trust, dated as of [March 1], 2025 (as amended, modified or supplemented from time to time, the “Indenture”), between the Issuer and the Trustee. All capitalized terms not defined herein shall have the meaning set forth in the Indenture.

Principal of, and premium, if any, on this 2025B Bond are payable in such coin or currency of the United States as at time of payment is legal tender for payment of private and public debts, at the designated payment office of BOKF, NA, as trustee (the “Trustee”), or its successor.

Reference is hereby made to the Indenture and to all amendments and supplements thereto for a description of the property pledged and assigned to the Trustee and of the provisions, among others, with respect to the nature and extent of the security, the rights, duties and obligations of the Issuer and the Trustee, the terms on which this 2025B Bond is issued and secured, the manner in which interest is computed on this 2025B Bond, mandatory and optional redemption rights, acceleration, the rights of the Bondholders and the provisions for defeasance of such rights.

This 2025B Bond is subject to optional and mandatory redemption in whole or in part, on the dates, under the terms and conditions and at the redemption prices set forth in the Indenture, all of the provisions of which are, by this reference, incorporated into this 2025B Bond. Notice of redemption shall be given in the manner set forth in the Indenture.

THE BONDS OF WHICH THIS BOND IS A PART, TOGETHER WITH INTEREST THEREON, AND REDEMPTION PREMIUM, IF ANY, ARE NOT GENERAL OBLIGATIONS OF THE ISSUER, BUT ARE SPECIAL, LIMITED OBLIGATIONS OF THE ISSUER SECURED BY THE SECURITY, ARE AND WILL ALWAYS BE PAYABLE SOLELY FROM THE REVENUES AND INCOME DERIVED FROM THE SECURITY (EXCEPT TO THE EXTENT PAID OUT OF MONEYS ATTRIBUTABLE TO PROCEEDS OF THE BONDS OR THE INCOME FROM THE TEMPORARY INVESTMENT THEREOF), AND ARE AND WILL ALWAYS BE A VALID CLAIM OF THE OWNER THEREOF ONLY AGAINST THE REVENUES AND INCOME DERIVED FROM THE SECURITY, WHICH REVENUES AND INCOME MAY BE USED FOR NO OTHER PURPOSE THAN TO PAY THE PRINCIPAL INSTALLMENTS OF, REDEMPTION PREMIUM, IF ANY, AND INTEREST ON THE BONDS, EXCEPT AS MAY BE EXPRESSLY AUTHORIZED OTHERWISE IN THIS

INDENTURE AND IN THE LOAN AGREEMENT. THE BONDS AND THE OBLIGATION TO PAY INTEREST THEREON AND REDEMPTION PREMIUM, IF ANY, DO NOT NOW AND WILL NEVER CONSTITUTE A DEBT OR AN OBLIGATION OF THE STATE OF TEXAS OR ANY POLITICAL SUBDIVISION THEREOF AND NEITHER THE STATE NOR ANY POLITICAL SUBDIVISION THEREOF WILL BE LIABLE THEREFOR, **THE BONDS ARE NOT AND DO NOT CREATE OR CONSTITUTE IN ANY WAY AN OBLIGATION, A DEBT OR A LIABILITY OF THE STATE OF TEXAS OR ANY POLITICAL SUBDIVISION THEREOF, OR CREATE OR CONSTITUTE A PLEDGE, GIVING OR LENDING OF THE FAITH, CREDIT, OR TAXING POWER OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF. THE ISSUER HAS NO TAXING POWER.**

Interest on this 2025B Bond shall be computed on the basis of a 360-day year, comprised of twelve 30-day months. Interest on this 2025B Bond shall be payable in such coin or currency of the United States as at time of payment is legal tender for payment of private and public debts, at the designated payment office of the Trustee or its successor.

The proceeds from the Bonds are to be used for the purpose of making a mortgage loan pursuant to a Loan Agreement, dated as of [March 1], 2025 (as amended, modified or supplemented from time to time, the “Loan Agreement”), between the Issuer and LDG The Ridge at Loop 12, LP, (the “Borrower”), to finance the acquisition, construction and equipping of an approximately 300-unit multifamily residential rental housing project located or to be located at 1100 N. Walton Walker Blvd, Dallas, Dallas County, Texas 75211, and subordinate and related facilities thereto, to be known as The Ridge at Loop 12 (the “Project Facilities”). The Borrower’s payment obligations under the Loan Agreement will be evidenced by the Note and secured by the Mortgage.

Reference is hereby made to the Indenture and to all amendments and supplements thereto for a description of the property pledged and assigned to the Trustee and of the provisions, among others, with respect to the nature and extent of the security, the rights, duties and obligations of the Issuer and the Trustee, the terms on which this 2025B Bond is issued and secured, the manner in which interest is computed on this 2025B Bond, mandatory and optional redemption rights, acceleration, the rights of the Bondholders and the provisions for defeasance of such rights.

NO RECOURSE SHALL BE HAD FOR THE PAYMENT OF THE PRINCIPAL OF OR PREMIUM OR INTEREST ON THIS BOND AGAINST ANY PAST, PRESENT, OR FUTURE GOVERNING BOARD MEMBER, DIRECTOR, OFFICER, AGENT OR EMPLOYEE OF THE ISSUER, OR OF ANY SUCCESSOR TO THE ISSUER, AS SUCH, EITHER DIRECTLY OR THROUGH THE ISSUER OR ANY SUCCESSOR TO THE ISSUER, UNDER ANY RULE OF LAW OR EQUITY, STATUTE, OR CONSTITUTION OR BY THE ENFORCEMENT OF ANY ASSESSMENT OR PENALTY OR OTHERWISE, AND ALL SUCH LIABILITY OF ANY SUCH OFFICERS, DIRECTORS, MEMBERS, EMPLOYEES, OR AGENTS, AS SUCH, IS HEREBY EXPRESSLY WAIVED AND RELEASED AS A CONDITION OF, AND CONSIDERATION FOR, THE EXECUTION AND ISSUANCE OF THIS BOND.

The registered owner of this 2025B Bond shall have no right to enforce the provisions of the Indenture or to institute action to enforce the covenants therein, or to take any action with

respect to any event of default thereunder, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture.

By its purchase of this 2025B Bond, the registered owner hereof agrees to the appointment of the Controlling Person as provided in the Indenture and authorizes the Controlling Person to exercise such rights and remedies afforded to the Controlling Person on behalf of the Bondholder as provided in the Bond Documents.

Modifications or alterations of the Indenture or of any indenture supplemental thereto may be made only to the extent and in the circumstances permitted by the Indenture.

This 2025B Bond may be exchanged, and its transfer may be effected, only by the registered owner hereof in person or by his attorney duly authorized in writing at the designated corporate trust office of the Trustee, but only in the manner and subject to the limitations provided in the Indenture. Upon exchange or registration of such transfer a new registered bond or bonds of the same series, maturity and interest rate and of an Authorized Denomination or Authorized Denominations for the same aggregate principal amount will be issued in exchange therefor.

The Issuer and the Trustee may deem and treat the person in whose name this 2025B Bond shall be registered on the bond register as the absolute owner hereof for the purpose of receiving payment of or on account of principal hereof and interest due hereon and for all other purposes and neither the Issuer nor the Trustee shall be affected by any notice to the contrary.

All acts, conditions and things required by the laws of the State to exist, happen and be performed precedent to and in the execution and delivery of the Indenture and the issuance of the Bonds do exist, have happened and have been performed in due time, form and manner as required by law.

Neither the members of the Governing Board of the Issuer nor any officer, agent, representative or employee of the Issuer nor any person executing this 2025B Bond shall be subject to any personal liability or accountability by reason of the issuance hereof, whether by virtue of any Constitution, statute or rule of law, or by the enforcement of any assessment or penalty, or otherwise, all such liability being expressly waived as a condition of and in consideration for the execution of the Indenture and the issuance of the 2025B Bonds.

This 2025B Bond shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose until the Trustee shall have executed the Certificate of Authentication, or the execution by the Comptroller of Public Accounts of the State of Texas of the Comptroller's Registration Certificate, hereon.

IT IS HEREBY CERTIFIED, RECITED AND REPRESENTED that the issuance of this 2025B Bond is duly authorized by law; that all acts, conditions and things required to exist and to be done precedent to and in the issuance of this 2025B Bond to render the same lawful and valid have been properly done and performed and have happened in regular and due time, form and manner as required by law; and that all acts, conditions and things necessary to be done or performed by the Issuer or to have happened precedent to or in the execution and delivery of the Indenture have been done and performed and have happened in regular and due form as required by law.

IN WITNESS WHEREOF, the Issuer has caused this 2025B Bond to be executed in its name under its official seal by the manual or facsimile signature of its Chair or Vice Chair and attested by the manual or facsimile signature of its Secretary all as of the Dated Date hereof.

**TEXAS DEPARTMENT OF HOUSING AND
COMMUNITY AFFAIRS, as Issuer**

(SEAL)

By: _____

Title: [Vice] Chair

ATTEST:

By: _____

Title: Secretary

[FORM OF COMPTROLLER'S REGISTRATION
CERTIFICATE ON INITIAL BOND]

**REGISTRATION CERTIFICATE OF
COMPTROLLER OF PUBLIC ACCOUNTS**

OFFICE OF THE COMPTROLLER §
OF PUBLIC ACCOUNTS § REGISTER NO. _____
THE STATE OF TEXAS §

I HEREBY CERTIFY that this Bond has been examined, certified as to validity and approved by the Attorney General of the State of Texas, and duly registered by the Texas Comptroller of Public Accounts.

Witness my signature and seal of office this _____.

Comptroller of Public Accounts of the
State of Texas

(SEAL)

[FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION
ON EACH BOND OTHER THAN THE INITIAL BOND]

CERTIFICATE OF AUTHENTICATION

This is to certify that this Bond is one of the Bonds referred to in the within mentioned Indenture.

Date of Authentication: _____

BOKF, NA,
as Trustee

By: _____
Authorized Signatory

[FORM OF ASSIGNMENT]

ASSIGNMENT FOR TRANSFER

FOR VALUE RECEIVED, the undersigned, hereby sells, assigns and transfers unto _____ (Tax Identification or Social Security No. _____) the within bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ attorney to transfer the within bond on the books kept for registration thereof, with full power or substitution in the premises.

Date:
Signature Guaranteed:
NOTICE: Signature(s) must be guaranteed by a signature guarantor institution that is a participant in a nationally recognized signature guarantor program.

Signature
NOTICE: The signature to this assignment must correspond with the name of the registered owner of the within bond as it appears on the face hereof in every particular, without alteration or enlargement or any change whatever, and the Social Security number or federal employer identification must be supplied.

EXHIBIT B

FORM OF INVESTOR LETTER

Texas Department of Housing
and Community Affairs
P.O. Box 13941
Austin, Texas 78711
Attention: Director of Multifamily Bonds

BOKF, NA
5956 Sherry Lane, Suite 900
Dallas TX 75225
Attention: Kathy McQuiston

RE: \$[50,000,000] Texas Department of Housing and Community Affairs Multifamily Housing Revenue Bonds (The Ridge at Loop 12) Series 2025A-1, Series 2025A-2 and Taxable Series 2025B (collectively, the “Bonds”)

Ladies and Gentlemen:

The undersigned representative of _____ (the “Purchaser”), the [initial] purchaser of the above-referenced Bonds, dated as of [March 1], 2025 (the “Bonds”), does hereby certify, represent and warrant for the benefit of the Texas Department of Housing and Community Affairs (the “Issuer”) and BOKF, NA, as trustee (the “Trustee”), that the Purchaser is an “accredited investor” as defined under Regulation D of the Securities Act of 1933, as amended (an “Accredited Investor”), excluding Section 230.501(a)(4), (a)(5) and (a)(6), or a “qualified institutional buyer” as defined in Rule 144A under the Securities Act of 1933, as amended (a “QIB”).

The Purchaser hereby acknowledges, represents, and warrants to, and agrees with, the Issuer and the Trustee, as follows:

(1) The Purchaser is purchasing the Bonds with its own funds (or with funds from accounts over which it has sole investment authority) and not the funds of any other person, and for its own account (or for accounts over which it has sole investment authority) and not as nominee or agent for the account of any other person and not with a view to any distribution thereof, other than the deposit of the Bonds in a custodial or trust arrangement each of the beneficial owners of which shall be required to be an Accredited Investor or a QIB.

(2) The Purchaser has such knowledge and experience in business and financial matters and with respect to the purchase and ownership of multifamily housing revenue bonds, tax-exempt securities and other investment vehicles similar in character to the Bonds, so as to enable it to understand and evaluate the risks of such investments and form an investment decision with respect thereto; the Purchaser has no need for liquidity in such investment; and the Purchaser is (or any account for which it is purchasing is) able to bear the risk of such investment for an indefinite period and to afford a complete loss thereof.

(3) The Purchaser acknowledges that it has been provided with, and has had the opportunity to review, the documents relating to the issuance of the Bonds by the Issuer. The Purchaser either has been supplied with or has had access to information, including financial statements, and other financial information, and has had the opportunity to ask questions and receive answers from individuals concerning the Issuer and LDG The Ridge at Loop 12, LP, a Texas limited partnership (the “Borrower”) and its credit standing, the Loan Agreement dated as of [March 1], 2025, between the Issuer and the Borrower (the “Loan Agreement”), the Indenture of Trust Indenture dated as of [March 1], 2025, between the Issuer and the Trustee (the “Indenture”), and the Bonds so that, as a sophisticated investor, the Purchaser has been able to make its decision to purchase the Bonds.

(4) The Purchaser has had the opportunity to ask questions and receive answers concerning the terms and conditions of the offering and to obtain any additional information it may request.

(5) The Purchaser is a nationally- or state-chartered bank that regularly extends credit to state and local governments by making loans the repayment obligations under which are evidenced by obligations such as the Bonds; has knowledge and experience in financial and business matters that make it capable of evaluating the Borrower, the Bonds and the risks associated with the extension of credit evidenced by the Bonds; and has the ability to bear the economic risk of extending the credit evidenced by the Bonds. The Purchaser is not acting as a broker, dealer, municipal securities underwriter, municipal advisor or fiduciary in connection with its extension of credit evidenced by the Bonds.

(6) The Purchaser acknowledges that (a) the Bonds (i) have not been registered under the Securities Act of 1933, as amended, (ii) have not been registered or otherwise qualified for sale under the securities laws of any state, and (iii) will not be listed on any securities exchange and (b) there is no established market for the Bonds and that none is likely to develop.

(7) THE PURCHASER UNDERSTANDS THAT:

(a) NEITHER THE STATE OF TEXAS, THE ISSUER, NOR ANY POLITICAL SUBDIVISION OR AGENCY OF THE STATE OF TEXAS, SHALL BE LIABLE OR OBLIGATED (GENERALLY, SPECIALLY, MORALLY OR OTHERWISE) TO PAY THE PRINCIPAL OF THE BONDS OR THE PREMIUM, IF ANY, OR INTEREST THEREON, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF TEXAS, OR ANY OTHER POLITICAL SUBDIVISION OR AGENCY THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS; AND

(b) THE ISSUER HAS NO TAXING POWER AND PRINCIPAL, PREMIUM, IF ANY, AND INTEREST ON THE BONDS IS PAYABLE SOLELY OUT OF THE MONEYS TO BE RECEIVED BY THE TRUSTEE ON BEHALF OF THE ISSUER UNDER THE LOAN AGREEMENT AND AMOUNTS ON DEPOSIT IN THE FUNDS AND ACCOUNTS ESTABLISHED AND PLEDGED UNDER THE INDENTURE.

(8) The Purchaser understands that in connection with any proposed transfer or exchange of Bonds, there must be delivered to the Trustee a letter of the transferee in substantially the same effect as this letter or otherwise as permitted under the Indenture.

(9) The Purchaser understands that, in connection with any proposed transfer of the Bonds, such transfer must be limited to an Eligible Purchaser. “**Eligible Purchaser**” means a prospective transferee that the Purchaser has clear grounds to believe and does believe can make representations with respect to itself to substantially the same effect as the representations set forth herein.

(10) THE PURCHASER INDEMNIFIES THE ISSUER AND THE TRUSTEE AGAINST ANY AND ALL LIABILITY, COST OR EXPENSE (INCLUDING ATTORNEYS’ FEES) THAT RESULT IF THE REPRESENTATIONS CONTAINED IN THIS INVESTOR’S LETTER ARE FALSE IN ANY MATERIAL RESPECT.

(11) The Purchaser is acquiring 100% of the Bonds.

The Purchaser has conducted its own investigation to the extent it deemed necessary. The Purchaser has been offered an opportunity to have made available to it any and all such information it might request from the Issuer and the Borrower. On this basis, it is agreed by the Purchaser that the Purchaser is not relying on any other party or person to undertake the furnishing or verification of information related to the referenced transaction.

The Bonds for this Purchaser should be registered with the Trustee as follows and an executed W-9 has been attached:

Name: _____
Address: _____
Tax ID #: _____
Payment instructions: () wire () check

This letter and the representations and agreements contained herein are made for your benefit and may be relied upon by the addressees hereof.

IN WITNESS WHEREOF, I have hereunto set my hand the _____ day of _____.

PURCHASER:

By: _____

Name: _____

Title: _____

**MUST BE SIGNED BY ACTUAL
PURCHASER. MAY NOT BE SIGNED BY
NOMINEE OR AGENT.**

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS,
as Issuer

and

LDG THE RIDGE AT LOOP 12, LP,
a Texas limited partnership,
as Borrower

LOAN AGREEMENT

Dated as of [March 1], 2025

Relating to:

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

[\$[_____]]
Multifamily Housing Revenue Bonds
(The Ridge at Loop 12)
Series 2025A-1

[\$[_____]]
Multifamily Housing Revenue Bonds
(The Ridge at Loop 12)
Series 2025A-2

[\$[_____]]
Multifamily Housing Revenue Bonds
(The Ridge at Loop 12)
Taxable Series 2025B

The amounts payable to the Texas Department of Housing and Community Affairs (the “**Issuer**”) and other rights of the Issuer (except for Reserved Rights), under this Loan Agreement have been pledged and assigned to BOKF, NA, a national banking association, as trustee (the “**Trustee**”) under the Indenture of Trust between the Issuer and the Trustee dated as of [March 1], 2025.

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LOAN AGREEMENT

This LOAN AGREEMENT (as amended, modified or supplemented from time to time, this “**Agreement**”) made as of [March 1], 2025, by and between the **TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**, a public and official agency of the State of Texas (together with its successors and assigns, the “**Issuer**”) and LDG THE RIDGE AT LOOP 12, LP, a limited partnership duly organized and validly existing under the laws of the State of Texas (together with its permitted successors and assigns, the “**Borrower**”),

WITNESSETH:

WHEREAS, by virtue of the authority of the laws of the State of Texas (the “**State**”), and particularly the provisions of Chapter 2306, Texas Government Code, as amended (the “**Act**”), the Issuer is authorized to make loans to finance the cost of a “development” (as defined in the Act) and to issue bonds, notes or other evidences of indebtedness from time to time for such purposes; and

WHEREAS, LDG The Ridge at Loop 12, LP, a Texas limited partnership (together with permitted successors and assigns the “**Borrower**”), has applied to the Issuer for financial assistance for the purpose of providing all or part of the funds required to finance an approximately 300-unit multifamily residential rental housing project located or to be located at or near 1100 N. Walton Walker Blvd, Dallas, Dallas County, Texas 75211, and subordinate and related facilities thereto, to be known as The Ridge at Loop 12 (the “**Project Facilities**” or “**Project**”); and

WHEREAS, the Issuer has, pursuant to the Act and this Indenture, determined to issue and sell its (i) \$[] Multifamily Housing Revenue Bonds (The Ridge at Loop 12) Series 2025A-1 (the “**2025A-1 Bonds**”), (ii) \$[] Multifamily Housing Revenue Bonds (The Ridge at Loop 12) Series 2025A-2 (the “**2025A-2 Bonds**” and together with the 2025A-1 Bonds, the “**Tax-Exempt Bonds**”), and (iii) \$[] Multifamily Housing Revenue Bonds (The Ridge at Loop 12) Taxable Series 2025B (the “**2025B Bonds**,” and together with the Tax-Exempt Bonds, the “**Bonds**”) for the purpose of providing financing for the acquisition, construction and equipping of the Project, all pursuant to an Indenture of Trust (as amended, modified or supplemented from time to time, the “**Indenture**”), dated of even date herewith between the Issuer and BOKF, NA, as trustee (together with any successor trustee under the Indenture and their respective successors and assigns, the “**Trustee**”), to provide funds to finance the costs of the acquisition, construction and equipping of the Project Facilities.

NOW, THEREFORE, IN CONSIDERATION OF THE FOREGOING AND THE UNDERTAKINGS HEREIN SET FORTH AND OTHER GOOD AND VALUABLE CONSIDERATION, THE ADEQUACY AND RECEIPT OF WHICH ARE HEREBY ACKNOWLEDGED, AND INTENDING TO BE LEGALLY BOUND, THE BORROWER AND THE ISSUER HEREBY AGREE AS FOLLOWS:

ARTICLE I

DEFINITIONS

Section 1.01. Definitions. In this Agreement (except as otherwise expressly provided for or unless the context otherwise requires), any capitalized terms used, but not defined herein, shall have the meanings ascribed to them in the Indenture.

Section 1.02. Rules of Construction; Time of Day. In this Agreement, unless otherwise indicated, (i) defined terms may be used in the singular or the plural and the use of any gender includes all genders, (ii) the words “hereof,” “herein,” “hereto,” “hereby” and “hereunder” refer to this entire Agreement, and (iii) all references to particular Articles or Sections are references to the Articles or Sections of this Agreement, (iv) the terms “agree” and “agreements” contained herein are intended to include and mean “covenant” and “covenants,” (v) the term “including” shall mean “including, but not limited to,” and (vi) the terms “best knowledge” or “knowledge” shall mean the actual knowledge of any Authorized Person of the Borrower. References to any time of the day in this Agreement shall refer to Eastern standard time or Eastern daylight saving time, as in effect in New York, New York on such day.

ARTICLE II

LOAN AND PROVISIONS FOR REPAYMENT

Section 2.01. Basic Loan and Repayment Terms.

(a) The Issuer agrees, upon the terms and conditions contained in this Agreement and the Indenture, to lend to the Borrower the proceeds received by the Issuer from the sale of the Bonds. To provide funds to make the Loan for purposes of assisting in paying a portion of the Project Costs, the Issuer will issue, sell and deliver the Bonds to the Holders from time to time in accordance with Section 3.2 of the Indenture and the Bond Placement Agreement. The Bonds will be issued pursuant to the Indenture, from time to time, in the aggregate principal amount, will bear interest and will mature as set forth therein. The Borrower hereby approves the terms and conditions of the Indenture and the Bonds, and the terms and conditions under which the Bonds will be issued, sold and delivered. The Borrower’s obligation to repay the Loan shall be evidenced by the Series A-1 Promissory Note, the Series A-2 Promissory Note, and the Series B Promissory Note, the forms of which are attached hereto as Exhibit A-1 and Exhibit A-2 , and Exhibit A-3, respectively.

(b) The Borrower hereby agrees to pay the Note and repay the Loan made pursuant to this Agreement by paying or causing to be paid to the Trustee in immediately available funds for the account of the Issuer for deposit into the Series A-1 Bond Fund Account of the Bond Fund with respect to the 2025A-1 Bonds, the Series A-2 Bond Fund Account of the Bond Fund with respect to the 2025A-2 Bonds and the Series B Bond Fund Account of the Bond Fund with respect to the 2025B Bonds or the Redemption Fund, as applicable, two Business Days before the dates that any payment of interest, premium, if any, or principal is required to be made in respect of the Bonds pursuant to the Indenture whether at maturity, upon acceleration or mandatory redemption, until the principal of, premium, if any, and interest on the Bonds shall have been fully paid or

provision for the payment thereof shall have been made in accordance with the Indenture, a sum which will enable the Trustee to pay the amount payable on such date as principal of (whether at maturity or upon mandatory redemption or acceleration or otherwise), premium, if any, and interest on the Bonds as provided in the Indenture.

(c) It is understood and agreed that the Note and all payments payable by the Borrower under this Section 2.01 are assigned by the Issuer to the Trustee for the benefit of the Bondholders. The Borrower assents to such assignment. The Issuer hereby directs the Borrower and the Borrower hereby agrees to pay to the Trustee, at the address specified in or in accordance with Section 10.01 hereof, all loan repayments payable to the Issuer pursuant to the Note and this subsection.

(d) The Borrower shall have, and is hereby granted, the option to prepay the unpaid principal amount of the Loan, together with interest thereon to the date of redemption of the Bonds, but only pursuant to the provisions of Section 2.03(b) hereof and Section 3.4(a) of the Indenture with respect to voluntary prepayment of the Loan and optional redemption of the Bonds.

Section 2.02. Fees.

(a) Subsequent to the Stabilization Date, the Borrower shall pay all of the Servicer's expenses.

(b) The Borrower shall pay (as directed by the Controlling Person) an amount equal to [\$2,700] in the aggregate each month for the costs of the Engineering Consultant and the Servicer incurred by the Controlling Person. Such amount shall be due through the Stabilization Date and shall be paid: (i) with each monthly Requisition submitted, commencing with the first Requisition submitted following the Closing Date, and continuing through Final Completion of the Work in respect of the Project Facilities; provided, that in the event a Requisition is not submitted in any month during the period referenced above, the amount submitted with the next Requisition shall be in an aggregate amount sufficient to pay the monthly amount for the prior month or months in which no Requisition was submitted and (ii) subsequent to Final Completion and prior to the Stabilization Date, two Business Days before each Interest Payment Date.

(c) The Borrower shall pay or cause to be paid the Issuer's Fees and expenses of the Issuer, including any agent and counsel fees, incurred under the Bond Documents.

(d) The Borrower shall pay the Trustee Fees and/or the reasonable fees and expenses of a Qualified Custodian.

Section 2.03. Termination; Voluntary Prepayment and Redemption.

(a) Notwithstanding anything to the contrary contained in this Agreement or the other Bond Documents, the Controlling Person's and the Majority Owner's and each Holder's rights, interests and remedies hereunder and under the other Bond Documents shall not terminate or expire or be deemed to have been discharged or released until the earlier to occur of (i) the payment in full of the Bonds, or (ii) defeasance of all of the Bonds. No such termination, expiration or release shall affect the survival of the indemnification provisions of this Agreement, which

provisions shall survive any such termination, expiration or release of the Bonds, the Indenture and/or this Agreement, and the resignation or removal of the Trustee.

(b) The Loan may be prepaid by the Borrower, and the Bonds shall be optionally redeemed, with the consent of the Investor, (A), in whole, pursuant to Section 3.4(a)(i) of the Indenture, on any date on or after the First Optional Redemption Date, at the redemption prices set forth therein and (B) in whole or in part, pursuant to Section 3.4(a)(ii) of the Indenture on any date, in each case, upon the payment of the required principal amount of the Bonds plus interest accrued thereon to, but not including, the date of redemption, without premium or penalty.

(c) Acceleration of the obligations of the Borrower hereunder upon an Event of Default prior to the First Optional Redemption Date shall constitute an evasion of the prepayment provisions of this Agreement and any tender of payment of an amount necessary to satisfy the entire indebtedness evidenced by this Agreement shall include an acceleration premium, equal to the amount calculated in accordance with the provisions of Exhibit D attached to this Agreement.

(d) The Borrower shall be required to prepay the Loan at the times and in the amounts necessary to provide funds for the payment of the mandatory redemption of the Bonds pursuant to Section 3.4(b) of the Indenture.

(e) Notwithstanding the foregoing, the Borrower shall have the right at any time to defease the Bonds in accordance with the provisions of Article V of the Indenture, without premium.

Section 2.04. Obligations Absolute. The obligations of the Borrower under this Agreement shall be absolute, unconditional and irrevocable, and shall be performed strictly in accordance with the terms of this Agreement, under all circumstances whatsoever, including without limitation the following circumstances: (i) any lack of validity or enforceability of the Bond Documents or any other agreement or document relating thereto; (ii) any amendment or waiver of or any consent to or departure from the Bond Documents or any document relating thereto; or (iii) the existence of any claim, set-off, defense or other right which the Borrower may have at any time against the Issuer or the Trustee (or any persons or entities for whom the Trustee may be acting) or any other person or entity, whether in connection with this Agreement, the transactions described herein or any unrelated transaction. The Borrower understands and agrees that no payment by it under any other agreement (whether voluntary or otherwise) shall constitute a defense to its obligations hereunder, except to the extent that the Loan evidenced hereby has been indefeasibly paid in full, whether owing under this Agreement or under the other Bond Documents.

Section 2.05. Indemnification.

(a) TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE BORROWER HEREBY COVENANTS AND AGREES AS FOLLOWS: TO PROTECT, INDEMNIFY AND SAVE THE ISSUER AND ITS GOVERNING BOARD MEMBERS, DIRECTORS, OFFICERS, AGENTS AND EMPLOYEES (COLLECTIVELY, THE “**ISSUER INDEMNIFIED PARTIES**”) HARMLESS FROM AND AGAINST ALL LIABILITY, LOSSES, DAMAGES, COSTS, EXPENSES (INCLUDING REASONABLE ATTORNEYS’ FEES), TAXES, CAUSES OF ACTION, SUITS, CLAIMS, DEMANDS AND JUDGMENTS OF

ANY NATURE OR FORM, BY OR ON BEHALF OF ANY PERSON ARISING IN ANY MANNER FROM THE TRANSACTION OF WHICH THIS LOAN AGREEMENT IS A PART OR ARISING IN ANY MANNER IN CONNECTION WITH THE PROJECT OR THE FINANCING OF THE PROJECT INCLUDING, WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, ARISING FROM (I) THE WORK DONE ON THE PROJECT OR THE OPERATION OF THE PROJECT DURING THE TERM OF THIS LOAN AGREEMENT OR (II) ANY BREACH OR DEFAULT ON THE PART OF THE BORROWER IN THE PERFORMANCE OF ANY OF ITS OBLIGATIONS UNDER THIS LOAN AGREEMENT, OR (III) THE PROJECT OR ANY PART THEREOF, OR (IV) ANY VIOLATION OF CONTRACT, AGREEMENT OR RESTRICTION RELATING TO THE PROJECT EXCLUDING THE PAYMENT OF THE PRINCIPAL, PREMIUM, IF ANY, AND INTEREST ON THE BONDS, OR (V) ANY LIABILITY, VIOLATION OF LAW, ORDINANCE OR REGULATION AFFECTING THE PROJECT OR ANY PART THEREOF OR THE OWNERSHIP OR OCCUPANCY OR USE THEREOF. UPON NOTICE FROM AN ISSUER INDEMNIFIED PARTY, THE BORROWER SHALL DEFEND THE ISSUER INDEMNIFIED PARTIES IN ANY ACTION OR PROCEEDING BROUGHT IN CONNECTION WITH ANY OF THE ABOVE; PROVIDED, HOWEVER, THAT THE ISSUER INDEMNIFIED PARTIES SHALL HAVE THE RIGHT TO EMPLOY SEPARATE COUNSEL IN ANY ACTION DESCRIBED IN THE PRECEDING SENTENCE AT THE EXPENSE OF THE BORROWER.

IT IS THE INTENTION OF THE PARTIES HERETO THAT THE ISSUER INDEMNIFIED PARTIES SHALL NOT INCUR PECUNIARY LIABILITY BY REASON OF THE TERMS OF THIS LOAN AGREEMENT OR BY REASON OF THE UNDERTAKINGS REQUIRED OF ISSUER INDEMNIFIED PARTIES IN CONNECTION WITH THE ISSUANCE OF THE BONDS, INCLUDING BUT NOT LIMITED TO THE EXECUTION AND DELIVERY OF THE INDENTURE, THIS LOAN AGREEMENT, THE TAX EXEMPTION AGREEMENT, THE REGULATORY AGREEMENT, AND ALL OTHER INSTRUMENTS AND DOCUMENTS REQUIRED TO CLOSE THE TRANSACTION; THE PERFORMANCE OF ANY ACT REQUIRED OF THE ISSUER INDEMNIFIED PARTIES BY THIS LOAN AGREEMENT; OR THE PERFORMANCE OF ANY ACT REQUESTED OF THE ISSUER INDEMNIFIED PARTIES BY THE BORROWER OR IN ANY WAY ARISING FROM THE TRANSACTION OF WHICH THIS LOAN AGREEMENT IS A PART OR ARISING IN ANY MANNER IN CONNECTION WITH THE PROJECT OR THE FINANCING OF THE PROJECT, INCLUDING BUT NOT LIMITED TO THE EXECUTION AND DELIVERY OF THE INDENTURE, THIS LOAN AGREEMENT, THE TAX EXEMPTION AGREEMENT, THE REGULATORY AGREEMENT AND ALL OTHER INSTRUMENTS AND DOCUMENTS REQUIRED TO CLOSE THE TRANSACTION; NEVERTHELESS, IF ANY OF THE ISSUER INDEMNIFIED PARTIES SHOULD INCUR ANY SUCH PECUNIARY LIABILITY WITH RESPECT TO EVENTS OCCURRING AFTER THE DATE HEREOF, THEN IN SUCH EVENT THE BORROWER SHALL INDEMNIFY AND HOLD SUCH ISSUER INDEMNIFIED PARTIES HARMLESS AGAINST ALL CLAIMS BY OR ON BEHALF OF ANY PERSON, ARISING OUT OF THE SAME, AND ALL COSTS AND EXPENSES INCURRED IN CONNECTION WITH ANY SUCH CLAIM OR IN CONNECTION WITH ANY ACTION OR PROCEEDING BROUGHT THEREON, AND UPON TIMELY NOTICE FROM AN ISSUER INDEMNIFIED PARTY THE BORROWER SHALL DEFEND THE ISSUER INDEMNIFIED PARTIES IN ANY SUCH ACTION OR PROCEEDING, AND PROVIDE COMPETENT COUNSEL SATISFACTORY TO THE

ISSUER INDEMNIFIED PARTIES AND THE BORROWER SHALL PAY THE EXPENSES OF THE ISSUER INDEMNIFIED PARTIES INCLUDING PAYMENT OF THE COUNSEL USED BY THE ISSUER INDEMNIFIED PARTIES; PROVIDED HOWEVER, THAT THE ISSUER INDEMNIFIED PARTIES SHALL HAVE THE RIGHT TO EMPLOY SEPARATE COUNSEL IN ANY ACTION DESCRIBED IN THE PRECEDING SENTENCE AT THE EXPENSE OF THE BORROWER.

NOTWITHSTANDING ANY PROVISION OF THIS LOAN AGREEMENT TO THE CONTRARY, THE ISSUER INDEMNIFIED PARTIES SHALL BE INDEMNIFIED BY THE BORROWER WITH RESPECT TO LIABILITIES ARISING FROM ANY SUCH PARTY'S OWN GROSS NEGLIGENCE, NEGLIGENCE OR BREACH OF CONTRACTUAL DUTY, BUT NOT FOR ANY LIABILITIES ARISING FROM SUCH PARTY'S OWN BAD FAITH, FRAUD OR WILLFUL MISCONDUCT.

(b) THE BORROWER COVENANTS TO DEFEND, INDEMNIFY AND HOLD HARMLESS, WITHOUT LIMITING ANY INDEMNITY PROVIDED IN THE REGULATORY AGREEMENT, TRUSTEE, THE CONTROLLING PERSON, THE SERVICER, THE MAJORITY OWNER, THE PLACEMENT AGENT AND EACH OF THEIR RESPECTIVE AFFILIATES AND EACH OF THEIR AND THEIR AFFILIATES' RESPECTIVE DIRECTORS, OFFICERS, EMPLOYEES, REPRESENTATIVES AND AGENTS (COLLECTIVELY, THE "**OTHER INDEMNIFIED PARTIES**") AND TOGETHER WITH THE ISSUER INDEMNIFIED PARTIES, EACH AN "**INDEMNIFIED PARTY**"), EXCEPT AS LIMITED BELOW, FROM AND AGAINST ANY AND ALL CLAIMS, DAMAGES, LOSSES, LIABILITIES, COSTS OR EXPENSES (INCLUDING ATTORNEYS' FEES FOR COUNSEL OF EACH OF THE OTHER INDEMNIFIED PARTIES' CHOICE) WHATSOEVER WHICH THE OTHER INDEMNIFIED PARTIES MAY INCUR (OR WHICH MAY BE CLAIMED AGAINST ANY OF THE OTHER INDEMNIFIED PARTIES BY ANY PERSON OR ENTITY WHATSOEVER) BY REASON OF OR IN CONNECTION WITH:

(i) THIS AGREEMENT, THE BONDS, THE INDENTURE, THE GROUND LEASE, THE REGULATORY AGREEMENT, TAX EXEMPTION AGREEMENT, OR THE OTHER BOND DOCUMENTS, OR THE EXECUTION OR AMENDMENT HEREOF OR THEREOF OR IN CONNECTION WITH THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY, INCLUDING THE ISSUANCE, SALE OR RESALE, DEFEASANCE OR REDEMPTION OF THE BONDS;

(ii) ANY BREACH BY THE BORROWER OF ANY REPRESENTATION, WARRANTY, COVENANT, TERM OR CONDITION IN, OR THE OCCURRENCE OF ANY DEFAULT UNDER, THIS AGREEMENT OR THE OTHER BOND DOCUMENTS, INCLUDING ALL REASONABLE FEES OR EXPENSES RESULTING FROM THE SETTLEMENT OR DEFENSE OF ANY CLAIMS OR LIABILITIES ARISING AS A RESULT OF ANY SUCH BREACH OR DEFAULT OR ANY DETERMINATION OF TAXABILITY;

(iii) THE INVOLVEMENT OF ANY OF THE OTHER INDEMNIFIED PARTIES IN ANY LEGAL SUIT, INVESTIGATION, PROCEEDING, INQUIRY OR ACTION AS A CONSEQUENCE, DIRECT OR INDIRECT, OF THE CONTROLLING

PERSON OR THE MAJORITY OWNER'S ACTIONS TAKEN PURSUANT TO THIS AGREEMENT OR ANY OF THE OTHER BOND DOCUMENTS OR ANY OTHER EVENT OR TRANSACTION CONTEMPLATED BY ANY OF THE FOREGOING;

(iv) RESERVED;

(v) THE ACCEPTANCE OR ADMINISTRATION OF THE BOND DOCUMENTS OR THE SECURITY INTERESTS THEREUNDER OR THE PERFORMANCE OF DUTIES UNDER THE BOND DOCUMENTS OR ANY LOSS OR DAMAGE TO PROPERTY OR ANY INJURY TO OR DEATH OF ANY PERSON THAT MAY BE OCCASIONED BY ANY CAUSE WHATSOEVER PERTAINING TO THE PROJECT FACILITIES OR THE USE THEREOF, INCLUDING WITHOUT LIMITATION ANY LEASE THEREOF OR ASSIGNMENT OF ITS INTEREST IN THIS AGREEMENT;

(vi) ANY ACT OR OMISSION OF THE BORROWER OR ANY OF ITS AGENTS, CONTRACTORS, SERVANTS, EMPLOYEES OR LICENSEES IN CONNECTION WITH THE ADVANCES OR THE PROJECT FACILITIES, THE OPERATION OF THE PROJECT FACILITIES, OR THE CONDITION, ENVIRONMENTAL OR OTHERWISE, OCCUPANCY, USE, POSSESSION, CONDUCT OR MANAGEMENT OF WORK DONE IN OR ABOUT, OR FROM THE PLANNING, DESIGN, ACQUISITION OR CONSTRUCTION OF, THE IMPROVEMENTS OR ANY PART THEREOF;

(vii) ANY LIEN (OTHER THAN A PERMITTED ENCUMBRANCE) OR CHARGE UPON PAYMENTS BY THE BORROWER TO THE TRUSTEE HEREUNDER, OR ANY TAXES (INCLUDING, WITHOUT LIMITATION, ALL AD VALOREM TAXES AND SALES TAXES), ASSESSMENTS, IMPOSITIONS AND OTHER CHARGES IMPOSED ON THE TRUSTEE IN RESPECT OF ANY PORTION OF THE PROJECT FACILITIES;

(viii) ANY VIOLATION OR ALLEGED VIOLATION OF ANY APPLICABLE LAW OR REGULATION INCLUDING, WITHOUT LIMITATION, ANY ENVIRONMENTAL LAW OR ANY INSPECTION, REVIEW OR TESTING WITH RESPECT TO, OR THE RELEASE OF ANY TOXIC SUBSTANCE FROM, THE PROJECT FACILITIES OR ANY PART THEREOF;

(ix) THE ENFORCEMENT OF, OR ANY ACTION TAKEN BY ANY INDEMNIFIED PARTY, RELATED TO REMEDIES UNDER, THIS AGREEMENT, THE INDENTURE AND THE OTHER BOND DOCUMENTS;

(x) ANY ACTION, SUIT, CLAIM, PROCEEDING, AUDIT, INQUIRY, EXAMINATION, OR INVESTIGATION OF A JUDICIAL, LEGISLATIVE, ADMINISTRATIVE OR REGULATORY NATURE CONCERNING OR RELATED TO INTEREST PAYABLE ON THE BONDS NOT BEING EXCLUDABLE FROM GROSS INCOME FOR PURPOSES OF FEDERAL INCOME TAXATION OR EXEMPT FROM STATE INCOME TAXATION;

(xi) ANY ACTION, SUIT, CLAIM OR DEMAND CONTESTING OR AFFECTING THE TITLE OF THE PROJECT FACILITIES;

(xii) THE INVESTIGATION OF, PREPARATION FOR OR DEFENSE OF ANY LITIGATION, PROCEEDING OR INVESTIGATION IN CONNECTION WITH THE PROJECT FACILITIES OR THE TRANSACTIONS TO BE CONSUMMATED IN CONNECTION THEREWITH OF ANY NATURE WHATSOEVER, COMMENCED OR THREATENED AGAINST THE BORROWER, THE PROJECT FACILITIES OR ANY INDEMNIFIED PARTY; AND

(xiii) ANY BROKERAGE COMMISSIONS OR FINDERS' FEES CLAIMED BY ANY BROKER OR OTHER PARTY IN CONNECTION WITH THE BONDS OR THE PROJECT.

THE INDEMNIFICATION SHALL INCLUDE THE REASONABLE COSTS AND EXPENSES OF DEFENDING ITSELF OR INVESTIGATING ANY CLAIM OF LIABILITY AND OTHER REASONABLE EXPENSES AND ATTORNEYS' FEES INCURRED BY THE OTHER INDEMNIFIED PARTIES, PROVIDED THE BORROWER SHALL NOT BE REQUIRED TO INDEMNIFY ANY OF THE OTHER INDEMNIFIED PARTIES FOR ANY CLAIMS, DAMAGES, LOSSES, LIABILITIES, COSTS OR EXPENSES TO THE EXTENT, BUT ONLY TO THE EXTENT, FINALLY ADJUDICATED BY A COURT OF COMPETENT JURISDICTION, TO HAVE BEEN DIRECTLY CAUSED BY THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF ANY INDEMNIFIED PARTY. THE OBLIGATIONS OF THE BORROWER UNDER THIS SECTION SHALL SURVIVE THE TERMINATION OF THIS AGREEMENT AND THE INDENTURE AND THE RESIGNATION OR REMOVAL OF THE TRUSTEE. NOTWITHSTANDING ANY OTHER PROVISION OF THIS AGREEMENT OR THE INDENTURE TO THE CONTRARY, THE BORROWER AGREES (I) NOT TO ASSERT ANY CLAIM OR INSTITUTE ANY ACTION OR SUIT AGAINST THE TRUSTEE OR ITS EMPLOYEES ARISING FROM OR IN CONNECTION WITH ANY INVESTMENT OF FUNDS MADE BY THE TRUSTEE IN GOOD FAITH IN COMPLIANCE WITH THE INDENTURE AS DIRECTED BY THE BORROWER, THE CONTROLLING PERSON OR THE MAJORITY OWNER, AND (II) TO INDEMNIFY AND HOLD THE TRUSTEE AND ITS EMPLOYEES HARMLESS AGAINST ANY LIABILITY, LOSSES, DAMAGES, COSTS, EXPENSES, CAUSES OF ACTION, SUITS, CLAIMS, DEMANDS AND JUDGMENTS OF ANY NATURE ARISING FROM OR IN CONNECTION WITH ANY SUCH INVESTMENT. WHEN THE TRUSTEE INCURS EXPENSES OR RENDERS SERVICE IN CONNECTION WITH ANY BANKRUPTCY OR INSOLVENCY PROCEEDING, SUCH EXPENSES (INCLUDING THE FEES AND EXPENSES OF ITS COUNSEL) AND THE COMPENSATION FOR SUCH SERVICES ARE INTENDED TO CONSTITUTE EXPENSES OF ADMINISTRATION UNDER ANY BANKRUPTCY LAW OR LAW RELATING TO CREDITORS RIGHTS GENERALLY. THE OBLIGATIONS OF THE BORROWER TO THE OTHER INDEMNIFIED PARTIES UNDER THIS SECTION SHALL NOT BE SUBJECT TO THE RECOURSE LIMITATIONS OF SECTION 10.13 HEREOF; PROVIDED, HOWEVER, THAT THE BORROWER SHALL NOT BE LIABLE TO THE OTHER INDEMNIFIED PARTIES UNDER THIS SECTION TO THE EXTENT OF ANY CLAIMS, DAMAGES, LOSSES, LIABILITIES, COSTS OR EXPENSES INCURRED BY THE OTHER INDEMNIFIED PARTIES AS A RESULT FROM THE OTHER INDEMNIFIED PARTIES'

WILLFUL MISCONDUCT OR, EXCEPT THE OTHER INDEMNIFIED PARTIES' BREACH OF ITS OBLIGATIONS UNDER THE BOND DOCUMENTS.

NOTHING IN THIS SECTION 2.05 SHALL IN ANY WAY LIMIT THE BORROWER'S INDEMNIFICATION AND OTHER PAYMENT OBLIGATIONS SET FORTH IN THE REGULATORY AGREEMENT.

Section 2.06. Amounts Remaining on Deposit Upon Payment of the Bonds. After payment in full of the principal of, premium, if any, and interest on the Bonds (or defeasance of the Bonds) and upon payment of amounts payable to the United States pursuant to any rebate requirement and the payment of any other amounts owed hereunder or under the Indenture, all amounts on deposit with the Trustee pursuant to the Indenture, this Agreement or any other Bond Document shall be paid by the Trustee to the Borrower.

ARTICLE III

SECURITY

Section 3.01. Mortgage and Other Bond Documents. To further secure the Borrower's obligations under this Agreement, the Borrower shall, at its sole expense, execute and deliver, or cause to be executed and delivered, to the Trustee (and where required, duly record) the Mortgage and each of the other Bond Documents.

Section 3.02. Financing Statements. The Borrower shall file or cause to be filed on the Closing Date, the financing statements necessary or advisable to perfect and maintain perfection of the Issuer's and/or the Trustee's security interests under this Agreement, the Indenture, the Mortgage and the other Bond Documents. The Borrower hereby authorizes the Trustee and the Controlling Person, at the direction of the Borrower, to file continuation statements, and perform such other acts, under the Uniform Commercial Code of the State or other applicable Legal Requirements as are necessary or advisable to perfect and maintain perfection of the Issuer's and/or the Trustee's security interests under this Agreement, the Indenture, the Mortgage and the other Bond Documents. The Borrower hereby authorizes the Trustee, without the signature of the Borrower, to file continuation statements with respect to financing statements in which the Trustee is named as the secured party for the purpose of continuing without lapse the effectiveness of those financing statements which shall have been filed at or prior to the issuance of the Bonds in connection with the security for the Bonds pursuant to the authority of the Uniform Commercial Code of the State, copies of which have been provided to the Trustee. The Borrower will pay upon demand the costs of filing the foregoing financing or continuation statements and the Financing Statements required under Section 7.8 of the Indenture in such public offices as the Controlling Person may designate.

ARTICLE IV

REPRESENTATIONS OF ISSUER

Section 4.01. Representation by the Issuer. The Issuer represents and warrants to the Borrower, the Trustee and the Holders from time to time of the Bonds as follows:

(a) The Issuer is public and official agency of the State, and is authorized by the Act and the Resolution to execute and to enter into this Agreement and to undertake the transactions contemplated herein and in the other Bond Documents to which it is a party and to carry out its obligations hereunder.

(b) The Issuer has all requisite power, authority and legal right to execute and deliver the Bond Documents to which it is a party and all other instruments and documents to be executed and delivered by the Issuer pursuant thereto, to perform and observe the provisions thereof and to carry out the transactions contemplated by the Bond Documents. All action on the part of the Issuer which is required for the execution, delivery, performance and observance by the Issuer of the Bond Documents has been duly authorized and effectively taken, and such execution, delivery, performance and observation by the Issuer do not contravene applicable law or any contractual restriction binding on or affecting the Issuer.

(c) The Issuer has duly approved the issuance of the Bonds and the loan of the proceeds thereof to the Borrower for the acquisition and construction of the Project Facilities; no other authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required as a condition to the performance by the Issuer of its obligations under the Bond Documents to which it is a party.

(d) This Agreement is, and each other Bond Document to which the Issuer is a party when delivered will be, legal, valid and binding special obligations of the Issuer enforceable against the Issuer in accordance with its terms except as the enforceability thereof may be limited by bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally.

(e) There is no default of the Issuer in the payment of the principal of or interest on any of its indebtedness for borrowed money or under any instrument or instruments or agreements under and subject to which any indebtedness for borrowed money has been incurred which does or could affect the validity and enforceability of the Bond Documents or the ability of the Issuer to perform its obligations thereunder, and no event has occurred and is continuing under the provisions of any such instrument or agreement which constitutes or, with the lapse of time or the giving of notice, or both, would constitute such a default.

(f) There are no obligations of the Issuer other than the Bonds that have been, are being or will be (i) sold at substantially the same time, (ii) sold pursuant to the same plan of financing, and (iii) reasonably expected to be paid from substantially the same source of funds.

(g) There is no action, suit, proceeding, inquiry, or investigation at law or in equity or before or by any court, public board or body pending, or, to the knowledge of the Issuer, threatened against or affecting the Issuer wherein an unfavorable decision, ruling or finding would adversely affect (i) the transactions contemplated by, or the validity or enforceability of, the Bonds, the Indenture or this Agreement or (ii) the Federal Tax Status of the Tax-Exempt Bonds.

(h) In connection with the authorization, issuance and sale of the Bonds, the Issuer has complied in all material respects with all provisions of the laws of the State, including the Act.

(i) The Issuer has not assigned or pledged and will not assign or pledge its interest in this Agreement for any purpose other than to secure the Bonds under the Indenture. The Bonds

constitute the only bonds or other obligations of the Issuer in any manner payable from the revenues to be derived from this Agreement, and except for the Bonds, no bonds or other obligations have been or will be issued on the basis of this Agreement.

(j) The Issuer is not in default under any of the provisions of the laws of the State, which default would affect the issuance, validity or enforceability of the Bonds or the transactions contemplated by this Agreement or the Indenture.

(k) The Issuer will not take any action inconsistent with its expectations stated in the Tax Exemption Agreement and will comply with the covenants and requirements stated therein and incorporated by reference herein.

(l) No member of the Issuer, nor any other official or employee of the Issuer, has any interest (financial, employment or other) in the Borrower, in the Project Facilities or in the transactions contemplated hereby, by the other Bond Documents or by the Indenture.

(m) The Issuer used no broker in connection with the execution hereof and the transactions contemplated hereby.

(n) The Issuer makes no representation as to the financial position or business condition of the Borrower and does not represent or warrant as to any of the statements, materials (financial or otherwise), representations or certifications furnished or to be made and furnished by the Borrower in connection with the sale of the Bonds, or as to the correctness, completeness or accuracy of such statements.

Section 4.02. No Liability of Issuer; No Charge Against Issuer's Credit. Any obligation of the Issuer created by, arising out of, or entered into in contemplation of this Agreement, including the payment of the principal of, premium if any, and interest on the Bonds, shall not impose or constitute a debt or pecuniary liability upon the Issuer, the State or any political subdivision thereof or constitute a charge upon the general credit or taxing powers of any of the foregoing. Any such obligation shall be payable solely out of the revenues and any other moneys derived hereunder and under the Indenture, except (as provided in the Indenture and in this Agreement) to the extent it shall be paid out of moneys attributable to the proceeds of the Bonds or the income from the temporary investment thereof. No recourse shall be had for the payment of the principal of, premium, if any, or interest on any of the Bonds or for any claim based thereon or upon any obligation, covenant or agreement of the Issuer hereunder against any past, present or future trustee, officer, member, employee or agent of the Issuer, whether directly or indirectly, and all such liability of any such individual as such is expressly waived and released as a condition of and in consideration for the execution of this Agreement, the making of the loan of the proceeds of the Bonds to the Borrower, and the issuance of the Bonds.

ARTICLE V

REPRESENTATIONS AND WARRANTIES OF THE BORROWER

The Borrower represents and warrants to and for the benefit of the Issuer, the Trustee, the Controlling Person and the Holders from time to time of the Bonds as follows:

Section 5.01. Existence. The Borrower is a limited partnership, duly organized, validly existing and in good standing under the Legal Requirements of, and duly qualified to do business in, the State. The Borrower is an eligible sponsor, as defined in the Act. The Borrower has furnished to the Issuer, the Trustee and the Controlling Person true and complete copies of its Partnership Agreement and articles of organization. The Borrower owns and will own no other assets other than the Project Facilities. The Borrower and the General Partner have been, are and will be engaged solely in the business of acquiring, constructing, equipping, financing, owning, managing and operating the Project Facilities and activities incident thereto. The General Partner of the Borrower is DHFC The Ridge at Loop 12 GP, LLC, a limited liability company duly organized, validly existing and in good standing under the laws of, and duly qualified to do business in, the State. The General Partner has furnished to the Issuer, the Trustee and the Controlling Person true and complete copies of its articles of incorporation and Company Agreement. The General Partner has and will have no other assets other than its interests in the Borrower.

Section 5.02. Power, Authorization and No Conflicts. The Borrower has all requisite power and authority and the legal right to own and operate its properties and to conduct its business and operations as they are currently being conducted and as proposed to be conducted by it. The execution, delivery and performance by the Borrower of this Agreement and the other Bond Documents to which the Borrower is a party (i) are within the Borrower's powers, (ii) have been duly authorized by all necessary company and legal action by or on behalf of the Borrower, and (iii) do not contravene the Partnership Agreement or articles of organization of the Borrower or the General Partner, as applicable, or any Legal Requirement applicable to the Borrower or the General Partner or any Material Contract or restriction binding on or affecting the Borrower, the General Partner or any of their respective assets, or result in the creation of any mortgage, pledge, lien or encumbrance upon any of its assets other than as provided by the terms thereof.

Section 5.03. Governmental Authorizations and Other Approvals. The Borrower, the General Partner and the Class B Limited Partner have all necessary Governmental Actions and qualifications (except those ordinarily obtained during the construction, or upon completion, of the Project Facilities) and have complied with all applicable Legal Requirements necessary to conduct their business as it is presently conducted and to own, operate and construct the Project Facilities in accordance with the provisions of the Bond Documents. The Borrower has obtained all Governmental Actions from such Governmental Authorities which are a necessary precondition to construct, own and operate the Project Facilities (except those ordinarily obtained during the construction, or upon completion, of the Project Facilities) and all such Governmental Actions were duly issued, are in full force and effect and are not subject to any pending judicial or administrative proceedings, the period for judicial or administrative appeal or review having expired and no petition for administrative or judicial appeal or review having been filed. The Project Facilities (upon completion of construction of the Project Facilities as contemplated in the Plans and Specifications) will comply with all Governmental Actions and Legal Requirements, including all zoning restrictions (including without limitation, use density, setbacks, parking and other similar requirements) or the Borrower has a valid variance for or exemption from such requirements. All Governmental Actions obtained by the Borrower have been validly issued and are in full force and effect. With respect to any Government Actions not yet obtained, the Borrower knows of no reason such Governmental Actions will not be timely obtained in the ordinary course of business and as needed in connection with the construction or operation of the

Project Facilities. No such Governmental Action will terminate, or become void or voidable or terminable, upon any sale, transfer or other disposition of the Project Facilities including any transfer pursuant to foreclosure sale under the Mortgage.

Section 5.04. Validity and Binding Effect. This Agreement and the other Bond Documents to which the Borrower is a party are the legal, valid and binding obligations of the Borrower, enforceable against it in accordance with their respective terms, subject to the application by a court of general principles of equity and to the effect of any applicable bankruptcy, insolvency, reorganization, moratorium or similar Legal Requirement affecting creditors' rights generally.

Section 5.05. No Litigation. Except as disclosed to the Controlling Person, the Purchaser, and the Investor, there is no pending action or proceeding, including eminent domain proceedings, before any Governmental Authority or arbitrator against or involving the Borrower, the General Partner or to the Borrower's knowledge after due inquiry, the Project Facilities and, to the best knowledge of the Borrower and the General Partner, there is no threatened action or proceeding, including eminent domain proceedings, affecting the Borrower or the General Partner before any Governmental Authority or arbitrator which, in any case, might materially and adversely affect the business, operations, assets, condition (financial or otherwise) or prospects of the Borrower or the General Partner, or the validity or enforceability of this Agreement, the Bonds, or the Bond Documents or the construction, operation or ownership of the Project Facilities, or the Federal Tax Status of the Tax-Exempt Bonds.

Section 5.06. No Violations. The Borrower and the General Partner are in compliance in all material respects with, and not in material breach of or default under (a) any applicable Governmental Actions or Legal Requirements with respect to the Project Facilities of any Governmental Authority having jurisdiction, or (b) the Bond Documents, the Subordinate Debt Documents or any other credit agreement, indenture, mortgage, agreement or other instrument to which it is a party or otherwise subject. No event has occurred and is continuing which, with the passage of time or the giving of notice or both, would constitute an event of default under any such instrument. The Borrower is not in violation, nor is there any notice or other record of any violation of any Legal Requirements, restrictive covenants or other restrictions applicable to any of the Project Facilities.

Section 5.07. Compliance. The ownership of the Project Facilities, the construction of the Project Facilities, and the use and operation of the Project Facilities as contemplated hereby do and shall, in all material respects, comply with, and are lawful and permitted uses under, the Tax Exemption Agreement, and the Regulatory Agreement, all applicable building, fire, safety, zoning, subdivision, sewer, Environmental Laws, health, insurance and other Legal Requirements and plan approval conditions of any Governmental Authority. The Borrower has obtained, or will obtain prior to the necessary timeframe, all Governmental Actions from such Governmental Authorities which are a necessary precondition to construct, own and operate the Project Facilities and all such Governmental Actions were duly issued, are in full force and effect and are not subject to any pending judicial or administrative proceedings, the period for judicial or administrative appeal or review having expired and no petition for administrative or judicial appeal or review having been filed. The Project Facilities are located wholly within the boundaries of the Issuer's jurisdiction.

The Project Facilities will satisfy all requirements of the Act and the Code with respect to multifamily rental housing and/or qualified residential rental facilities.

Section 5.08. Title to Properties; Liens and Encumbrances. The Borrower has a leasehold interest in the Project Site and a fee simple interest in the Project Facilities, free and clear of all liens or encumbrances except for the Permitted Encumbrances, including but not limited to the Ground Lease. All such real property, fixtures and equipment necessary to the conduct of the business of the Borrower and the operation of the Project Facilities are and will be in reasonable working order and are suitable for the purposes for which they are and will be used. There exist no liens, encumbrances or other charges against the Project Facilities (including without limitation statutory and other liens of mechanics, workers, contractors, subcontractors, suppliers, taxing authorities and others), except Permitted Encumbrances.

Section 5.09. Utilities and Access. All utility services necessary for the operation of the Project Facilities in the manner contemplated hereby, including water supply, storm and sanitary sewer facilities, gas, electricity and telephone facilities are available within the boundaries of the Project Facilities; and all roads necessary for the full utilization of the Project Facilities in the manner contemplated hereby either have been completed or rights-of-way therefor have been acquired by the appropriate governmental authority or others or have been dedicated to public use and accepted by such Governmental Authority.

Section 5.10. Financial Information.

(a) All of the financial information furnished to the Controlling Person or the Majority Owner with respect to the Borrower, the Guarantors, and the General Partner in connection with this Agreement (i) is complete and correct in all material respects as of the date hereof; and (ii) accurately presents the financial condition of such party as of the date hereof. None of the Borrower, the Guarantors or the General Partner has any material liability or contingent liability not disclosed to the Controlling Person or the Majority Owner in writing; and

(b) Since its formation, each of the Borrower, the Guarantors, and the General Partner has conducted its operations in the ordinary course, and no material adverse change has occurred in the business, operations, assets or financial condition of the Borrower, the Guarantors, or the General Partner.

Section 5.11. ERISA. No employee pension plan maintained by the Borrower or the General Partner or any ERISA Affiliate which is subject to Part 3 of Title I of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”) has an accumulated funding deficiency (as defined in Section 302(a) of ERISA), no reportable event (as defined in Section 4043 of ERISA) has occurred with respect to any employee pension plan maintained for employees of the Borrower or any ERISA Affiliate and covered by Title IV of ERISA, no liability has been asserted against the Borrower, the General Partner or any ERISA Affiliate by the Pension Benefit Guaranty Corporation (“PBGC”) or by a trustee appointed pursuant to Section 4042(b) or (c) of ERISA, and no lien has been attached and no person has threatened to attach a lien to any of the Borrower’s, the General Partner’s or any ERISA Affiliate’s property as a result of failure to comply with ERISA or as a result of the termination of any employee pension plan covered by Title IV of ERISA. Each employee pension plan (as defined in Section 3(2) of ERISA) maintained

for employees of the Borrower, the General Partner or any ERISA Affiliate which is intended to be qualified under Section 401(a) of the Code, including all amendments to such plan or to any trust agreement, group annuity or insurance contract or other governing instrument, is the subject of a favorable determination by the Internal Revenue Service with respect to its qualification under Section 401(a) of the Code. With respect to any multi-employer pension plan (as defined in Section 3(37) of ERISA) to which the Borrower, the General Partner or any ERISA Affiliate is or has been required to contribute after [September 25, 1980], (i) no withdrawal liability (within the meaning of Section 4201 of ERISA) has been incurred by the Borrower, the General Partner or any ERISA Affiliate, (ii) no withdrawal liability has been asserted against the Borrower, the General Partner or any ERISA Affiliate by a sponsor or an agent of a sponsor of any such multi-employer plan, (iii) no such multi-employer pension plan is in reorganization (as defined in Section 4241(a) of ERISA), and (iv) neither the Borrower, the General Partner nor any ERISA Affiliate has any unfilled obligation to contribute to any such multi-employer pension plan. As used in this Agreement, "ERISA Affiliate" means (i) any corporation included with the Borrower or the General Partner in a controlled group of corporations within the meaning of Section 414(b) of the Code, (ii) any trade or business (whether or not incorporated or for-profit) which is under common control with the Borrower or the General Partner within the meaning of Section 414(c) of the Code, (iii) any member of an affiliated service group of which the Borrower or the General Partner is a member within the meaning of Section 414(m) of the Code, and (iv) any other entity treated as being under common control with the Borrower or the General Partner under Section 414(o) of the Code.

Section 5.12. Environmental Representations. Except as set forth on the Environmental Audit delivered to the Controlling Person (a) the Borrower has no knowledge of any activity at the Project Facilities, or any storage, treatment or disposal of any Hazardous Substances connected with any activity at the Project Facilities, which has been conducted, or is being conducted, in violation of any Environmental Law; (b) the Borrower has no knowledge of any of the following which could give rise to material liabilities, material costs for remediation or a material adverse change in the business, operations, assets, condition (financial or otherwise) or prospects of the Borrower: (i) Contamination present at the Project Facilities, (ii) polychlorinated biphenyls present at the Project Facilities, (iii) asbestos or materials containing asbestos present at the Project Facilities, (iv) urea formaldehyde foam insulation present at the Project Facilities, or (v) lead-based paint at the Project Facilities; (c) no portion of the Project Facilities constitutes an Environmentally Sensitive Area; (d) the Borrower has no knowledge of any investigation of the Project Facilities for the presence of radon; (e) no tanks presently or formerly used for the storage of any liquid or gas above or below ground are present at any of the Project Facilities; (f) no condition, activity or conduct exists on or in connection with the Project Facilities which constitutes a violation of Environmental Laws; (g) no notice has been issued by any Governmental Authority to the Borrower or the General Partner identifying the Borrower or the General Partner as a potentially responsible party under any Environmental Laws; (h) there exists no investigation, action, proceeding or claim by any Governmental Authority or by any third party which could result in any liability, penalty, sanctions or judgment under any Environmental Laws with respect to the Project Facilities; and (i) the Borrower is not required to obtain any permit or approval from any Governmental Authority or need notify any Governmental Authority pursuant to any Environmental Law with regard to the construction of the Project Facilities.

Section 5.13. Outstanding Obligations and Material Contracts. Except as disclosed in writing to the Controlling Person and the Purchaser, neither the Borrower nor the General Partner has incurred any Obligations, secured or unsecured, direct or contingent. Each of the Borrower and the General Partner has complied with all provisions of the Material Contracts in all material respects, to the extent such contract is applicable to such party, and there exists no default or event which, with the giving of notice or the passage of time, or both, would constitute a default, under any such Material Contract.

Section 5.14. Solvency. Each of the Borrower, the Guarantors and the General Partner is and, after giving effect to this Agreement and all other agreements of the Borrower, the Guarantors and the General Partner being entered into on the date of execution and delivery of this Agreement, will be solvent (which for this purpose shall mean that it is able to pay its current debts as they come due); provided, the foregoing shall not be deemed a guaranty.

Section 5.15. Full Disclosure. This Agreement, the exhibits hereto and the other documents, certificates, opinions, schedules and statements furnished to the Controlling Person by or on behalf of the Borrower, the Guarantors, or the General Partner in connection with the transactions contemplated hereby or by the Bond Documents, do not contain any untrue statement of a material fact with respect to the Borrower, the Guarantors or the General Partner or the Project Facilities and do not omit to state a material fact with respect to the Borrower, the Guarantors or the General Partner or the Project Facilities necessary in order to make the statements contained therein not misleading in light of the circumstances under which they were made. There is no fact known to the Borrower which materially adversely affects or in the future may adversely affect the business, operations, properties, assets or financial condition of the Borrower, the Guarantors or the General Partner which has not been set forth in this Agreement or in the other documents, certificates, opinions, schedules and statements furnished to the Controlling Person on behalf of any such party before the date of execution and delivery of this Agreement in connection with the transactions contemplated hereby.

Section 5.16. Bond Documents. Each of the Borrower, the Guarantors and the Class B Limited Partner has provided the Controlling Person and the Majority Owner with true, correct and complete copies of: (i) all documents executed by the Borrower in connection with the Bonds, including all amendments thereto and compliance reports filed thereunder; (ii) all management and service contracts entered into by the Borrower in connection with the Project Facilities, including all amendments thereto; (iii) all correspondence, if any, relating to the Bonds from the Trustee, the Issuer, the Securities and Exchange Commission, the Internal Revenue Service or any state or local securities regulatory body or taxing authority or any securities rating agency; and (iv) all documentation, if any, relating to governmental grants, subsidies or loans or any other loans, lines of credit or other subordinate financing (including, without limitation, the Subordinate Debt) relating to the Borrower or the Project Facilities, whether or not secured by the Project Facilities. Each of the representations and warranties on the Borrower's part made in the Bond Documents to which the Borrower is a party remain true and correct in all material respects and no Default exists under any covenants on the Borrower's part to perform under the Bond Documents to which the Borrower is a party.

Section 5.17. Illegal Activity. No portion of any of the Project Facilities has been or will be acquired, constructed, fixtured, equipped or furnished with proceeds of any illegal activity conducted by the Borrower.

Section 5.18. Reserved.

Section 5.19. No Broker. The Borrower has used no broker in connection with the execution hereof and the transactions contemplated hereby.

Section 5.20. Construction Contract; Architect's Agreement. The Construction Contract and the Architect's Agreement are each in full force and effect, and the parties thereto are in full compliance with their respective obligations thereunder. The work to be performed by the Contractor under the Construction Contract is the work called for by the Plans and Specifications, and all Work required to complete the Improvements in accordance with the Plans and Specifications is provided for under the Construction Contract.

Section 5.21. Development Budget. The Development Budget provided to the Controlling Person accurately reflects, to the best of the Borrower's knowledge: (i) all anticipated costs of implementing and completing the Work within the Plans and Specifications and (ii) anticipated uses by source allocations for the purpose of complying with Section 142(a) of the Code.

Section 5.22. Plans and Specifications. The Borrower has furnished the Controlling Person with true and complete sets of the Plans and Specifications. To the best of the Borrower's knowledge, the Plans and Specifications so furnished comply with all Legal Requirements, all Governmental Actions, and all restrictions, covenants and easements affecting the Project Facilities, and have been approved by the Investor and such Governmental Authority as is required for construction of the Project Facilities.

Section 5.23. Survey. The survey for the Project Facilities delivered to the Controlling Person does not fail to reflect any material matter of survey affecting the Project Facilities or the title thereto.

Section 5.24. Flood Plain. No part of the Project Facilities is located in an area identified by the Federal Emergency Management Agency as an area having special flood hazard or to the extent any part of the Project Facilities is an area identified as an area having special flood hazard, flood insurance in an amount equal to 100% of the appraised insurable value of the Project Facilities has been obtained by the Borrower.

Section 5.25. Requisition. Each Requisition submitted to the Controlling Person shall constitute an affirmation that the representations and warranties of the Borrower contained in this Agreement and in the other Bond Documents remain true and correct as of the date thereof unless otherwise noted in writing; and unless the Controlling Person is notified to the contrary, in writing, prior to the requested date of the disbursement under such Requisition, shall constitute an affirmation that the same remain true and correct on the date of such disbursement.

Section 5.26. State Law Verifications. The Borrower makes the following representations and covenants pursuant to Chapters 2252, 2271, 2274, and 2276, Texas

Government Code, as heretofore amended. As used herein, “affiliate” means an entity that controls, is controlled by, or is under common control with the Borrower within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit. Liability for breach of any such verification during the term of this Agreement shall survive until barred by the applicable statute of limitations and shall not be liquidated or otherwise limited, notwithstanding anything herein or therein to the contrary.

The Borrower represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153, Texas Government Code, or Section 2270.0201, Texas Government Code. The foregoing representation excludes the Borrower and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization.

For purposes of Chapter 2271, Texas Government Code, Chapter 2274, Texas Government Code, and Chapter 2276, Texas Government Code, the Borrower hereby represents that it does not have at least 10 full-time employees.

ARTICLE VI

GENERAL COVENANTS

So long as any amount is due and owing hereunder, the Borrower covenants and agrees, except to the extent the Controlling Person shall otherwise consent in writing to perform and comply with each of the following covenants:

Section 6.01. Conduct of Business; Maintenance of Existence; Mergers. Each of the Borrower and the General Partner will (i) engage solely in the business of financing, constructing, owning and operating the Project Facilities, and activities incident thereto, (ii) preserve and maintain in full force and effect its existence as a limited partnership under the Legal Requirements of the State, and its rights and privileges and its qualification to do business in the State, (iii) not dissolve or otherwise dispose of all or substantially all of its assets, (iv) not consolidate with or merge into another entity or permit one or more other entities to consolidate with or merge into it, (v) except for Permitted Transfers, not amend any provision of its certificate of organization or the Partnership Agreement relating to its purpose, management or operation without the prior written consent of the Controlling Person, which shall not be unreasonably withheld, conditioned or delayed, and (vi) promptly and diligently enforce its rights under the Partnership Agreement and cause Investor to make its capital contributions as and when required under the Partnership Agreement.

Section 6.02. Compliance with Legal Requirements; Payment of Impositions. The Borrower will comply with all Legal Requirements applicable to the Borrower or the Project Facilities. The Borrower will pay all Impositions and insurance premiums when due (to the extent such payments are not made by the Trustee from the reserve) and will make the applicable deposits required by Section 8.02 of this Agreement for such purposes. The Borrower shall make

commercially reasonable efforts to direct that copies of all regular Impositions and insurance premiums shall be sent directly by the Governmental Authority or insurer, as applicable, to the Controlling Person.

Section 6.03. Maintenance of Governmental Authorizations. The Borrower shall timely obtain any Governmental Actions required for the construction of the Project Facilities not obtained prior to the Closing Date and shall provide copies thereof to the Controlling Person upon receipt. The Borrower will maintain in full force and effect all of its Governmental Actions and qualifications necessary for the conduct of its business as it is presently being conducted and the ownership, construction and operation of the Project Facilities as they are presently being operated and as contemplated by the terms of the Bond Documents. The Borrower will promptly furnish copies of all reports and correspondence relating to a loss or proposed revocation of any such qualification to the Controlling Person.

Section 6.04. Maintenance of Insurance.

(a) At all times throughout the term hereof, the Borrower shall, at its sole cost and expense, maintain or cause to be maintained insurance against such risks and for such amounts as required by the Controlling Person for facilities of the type and size of the Project Facilities and shall pay, as the same become due and payable, all premiums with respect thereto.

(b) All insurance required by this Section 6.04 shall be produced and maintained in financially sound and generally recognized responsible insurance companies selected by the entity required to procure the same and authorized to write such insurance in the State. Such insurance may be written with deductible amounts comparable to those on similar policies carried by other companies engaged in businesses similar in size, character and other respects to those in which the procuring entity is engaged. All property and casualty insurance policies required by Section 6.04(a) hereof shall contain a standard non-contributory mortgagee clause showing the interest of the Trustee as first mortgagee and shall provide for payment to the Trustee of the net proceeds of insurance resulting from any claim for loss or damage thereunder. All policies of insurance required by Section 6.04(a) hereof shall provide for at least thirty (30) days' prior written notice of the restriction, cancellation or modification thereof to the Trustee, with a copy to the Controlling Person. The Trustee shall not be required to take any action upon receipt of such a notice, unless it receives written directions from the Majority Owner. The policy evidencing liability insurance required by Section 6.04(a) hereof shall name the Issuer and the Trustee as additional named insureds. The Borrower acknowledges that a security interest in the policies of property and casualty insurance required by Section 6.04(a) and the net proceeds thereof is being granted to the Trustee pursuant to the Mortgage. Upon request of the Trustee (acting at the written direction of the Majority Owner), the Borrower will assign and deliver (which assignment shall be deemed to be automatic and to have occurred upon the occurrence of an Event of Default hereunder) to the Trustee, the policies of property and casualty insurance required under Section 6.04(a), so and in such manner and form that the Trustee shall at all times, upon such request and until the payment in full of the Bonds, have and hold said policies and the net proceeds thereof as collateral and further security under the Mortgage for application as provided in the Mortgage. The policies under Section 6.04(a) hereof shall contain appropriate waivers of subrogation.

(c) Copies of the policy or certificate (or binder) of insurance required by Section 6.04(a) hereof shall be delivered to the Trustee, with a copy to the Controlling Person on or before the Closing Date. The Borrower shall deliver to the Issuer and the Trustee before the first (1st) Business Day of each calendar year thereafter a certificate dated not earlier than the immediately preceding month reciting that there is in full force and effect insurance of the types and in the amounts required by this Section 6.04. Prior to the expiration of each such policy, the Borrower shall furnish the Trustee, with a copy to the Controlling Person, with evidence that such policy has been renewed or replaced or is no longer required by this Agreement. The Borrower shall provide such further information with respect to the insurance coverage required by this Agreement as the Controlling Person may, from time to time, reasonably require. The Trustee shall not be required to examine such insurance policies or certificates to determine compliance with this Section 6.04.

(d) The net proceeds of the property and casualty insurance carried pursuant to the provisions of Section 6.04(a) hereof shall be applied as provided in the Mortgage and the net proceeds of the liability insurance required by Section 6.04(a) hereof shall be applied, with the prior written consent of the Controlling Person toward extinguishment or satisfaction of the liability with respect to which such insurance proceeds may be paid.

Section 6.05. Compliance with Other Contracts and Bond Documents. The Borrower will comply with all of its covenants and agreements under the Bond Documents to which it is a party, as the same may hereafter be amended or supplemented from time to time, and each of such covenants is incorporated herein by reference as if fully set forth herein. The Borrower acknowledges that the Indenture imposes certain obligations upon the Borrower and the Borrower agrees to discharge such obligations as if they were fully set forth herein (notwithstanding that the Borrower is not a party to the Indenture). The Borrower shall comply in all material respects with all of its covenants and agreements under the Subordinate Debt Documents. The Borrower shall comply in all material respects with all of its covenants and agreements under the Subordinate Debt Documents. The Borrower shall comply in all materials respects with, or cause to be complied with, all requirements and conditions of all Material Contracts and insurance policies which relate to the Borrower or the Project Facilities.

Section 6.06. Maintenance of Project Facilities. The Borrower will, at its sole expense and as one of the Expenses (including use of the funds on deposit in the Accounts, in accordance with the terms of the Indenture and the Replacement Reserve Agreement), (i) maintain and preserve the Project Facilities in good working order and repair, fit for the purposes for which they were originally erected; (ii) not permit, commit or suffer any waste or abandonment of the Project Facilities; (iii) not use (and use reasonable efforts to not permit tenants to use) the Project Facilities for any unlawful purpose and use reasonable efforts to not permit any nuisance to exist thereon; (iv) promptly make such repairs or replacements (structural or nonstructural, foreseen or unforeseen) as are required for the proper operation, repair and maintenance of the Project Facilities in an economical and efficient manner and consistent with customary and prudent practices, standards and procedures applicable to properties of like size and type; (v) perform all repairs or replacements in a good and workmanlike manner, and in compliance with all applicable Governmental Actions and Legal Requirements; (vi) keep and maintain abutting grounds, sidewalks, roads, parking and landscape areas which may be owned by the Borrower in good and neat order and repair; (vii) not take (or fail to take) any action, which if taken (or not so taken)

would increase in any way the risk of fire or other hazard occurring to or affecting the Project Facilities; and (viii) not sell, lease (other than pursuant to residential leases), cause a Sale of or otherwise dispose of any part of the Project Facilities, except as otherwise permitted hereunder and under the other Bond Documents.

Section 6.07. Inspection Rights.

(a) The Borrower will, at any reasonable time and from time to time, permit the Controlling Person, the Trustee, the Issuer, and the agents or representatives of the Controlling Person, the Trustee and the Issuer, to examine and copy and make abstracts from the records and books of account of, and visit the properties of, the Borrower, and to discuss the affairs, finances and accounts of the Borrower with the General Partner and the Accountant. Upon reasonable prior notice, and subject to the rights of tenants, the Borrower will permit the Engineering Consultant to inspect, or cause to be inspected, the Project Facilities at any reasonable time or times as the Controlling Person may direct. The Borrower shall pay or reimburse the Controlling Person on demand for fees and expenses incurred in connection with such inspections.

(b) If the Controlling Person has retained an Engineering consultant pursuant to Section 9.10 hereof, then after the Engineering Consultant shall have inspected or caused to have been inspected the Project Facilities, the Engineering Consultant shall send written notice to the Controlling Person notifying the Controlling Person of the nature and extent of capital needs of the Project Facilities, if any, which are, in the Engineering Consultant's professional judgment, necessary to maintain and preserve the Project Facilities in accordance with the standards set forth in Section 6.06 hereof, and which are not addressed in the Annual Budget for the Project Facilities. After considering the Engineering Consultant's recommendation, the Controlling Person shall notify the Borrower of the work which the Engineering Consultant recommends be performed in order to comply with the requirements of Section 6.06 hereof and the time period over which, in its professional judgment, such work should be commenced and completed.

(c) The Borrower shall promptly commence and diligently complete the work recommended by the Engineering Consultant within the time period set forth in the report. If the Borrower fails to complete the work within such time period, the Controlling Person, at the Controlling Person's discretion, may complete such work for and on the Borrower's behalf and may do any act or thing the Controlling Person deems necessary or appropriate to that end. The expenses incurred by the Controlling Person in completing such work shall bear interest at the Default Rate, shall be borne by the Borrower and shall be reimbursed to the Controlling Person immediately upon demand. All work performed by the Borrower shall be performed in a good and workmanlike manner and shall be completely free and clear of any mechanics or materialman's liens and encumbrances and shall be subject to the requirements of Section 6.06 hereof.

Section 6.08. Keeping of Books. The Borrower will keep proper books of record and account, in which full and correct entries shall be made of financial transactions and the assets and operations of the Borrower in accordance with GAAP and have a complete audit of such books of record and account made by the Accountant for each Fiscal Year.

Section 6.09. Reporting Requirements. The Borrower will furnish or cause to be furnished to the Controlling Person the following in form satisfactory to the Controlling Person and in such number of copies as the Controlling Person may reasonably require:

(a) Beginning after the Completion Date, as soon as available and in any event within forty-five (45) days after the close of each fiscal quarter of each Fiscal Year of the Borrower:

(i) unaudited financial statements for the Borrower and the Project Facilities, including a balance sheet and related statement of income as of the end of such fiscal quarter and for such fiscal quarter and the current Fiscal Year to the end of such fiscal quarter, which shall be internally prepared and presented on a consistent basis;

(ii) a certificate signed by an Authorized Person stating that, except as disclosed in such certificate, (i) during such fiscal quarter the Borrower has observed and performed all of its covenants and agreements set forth in this Agreement and the other Bond Documents (including the rules qualifying the interest payable on the Tax-Exempt Bonds for federal tax exemption pursuant to Section 142(d) of the Code and the regulations issued thereunder), except as disclosed in such certificate, (ii) if the Project Facilities have received a tax credit allocation, during such fiscal quarter the Project Facilities have complied with the requirements of Section 42 of the Code and the regulations issued thereunder, and (iii) no Event of Default has occurred or exists;

(b) Beginning after the Completion Date, as soon as available and in any event within one hundred twenty (120) days after the close of each Fiscal Year of the Borrower:

(i) audited financial statements for the Borrower, on a consolidated basis, including a balance sheet and related statements of income and changes in financial position as of the end of such Fiscal Year and for such Fiscal Year, which shall be prepared and reported on without qualification by the Accountant in accordance with GAAP, and shall fairly present the financial condition of the Borrower and the Project Facilities as of the end of such Fiscal Year; and

(ii) a certificate signed by an Authorized Person stating that (i) during such Fiscal Year the Borrower has observed and performed all of its covenants and agreements set forth in this Agreement and the other Bond Documents, except as disclosed in such certificate, and (ii) no Default or Event of Default has occurred or exists, except as disclosed in such certificate;

(iii) an occupancy report stating as of the last day of the month prior to the date of delivery thereof, with respect to each lease of all or any part of the Project Facilities, the tenant's name, the date thereof, the premises demised, the term, the rent, the security deposits, any advance rent payments in excess of one month and any defaults by the tenant or the Borrower in respect thereof (including, without limitation, the amounts of arrearages); and

(iv) notwithstanding the foregoing, if the Completion Date occurred on or after [_____], the Borrower may elect, by written notice to the Controlling Person, to include the period from the Completion Date through the end of such Fiscal Year in the

subsequent Fiscal Year audited financial statements in lieu of providing audited annual statements for the Fiscal Year in which the Closing Date occurred.

(c) Beginning during lease up of the Project, as soon as possible and in any event within thirty (30) days after the end of each calendar month, operating statements of the Project Facilities certified by an Authorized Person and containing itemized information regarding all items of expense and income as well as occupancy reports, a rent roll and, if required by the Controlling Person, other reports such as reports on concessions, security deposits and advance rents, all in such detail as may be required by the Controlling Person;

(d) Weekly during any period after the Stabilization Date with occupancy of less than 90% and within twenty-five (25) days of the end of each fiscal quarter for other periods, an occupancy report for the Project Facilities, certified by an Authorized Person;

(e) Upon receipt thereof by the Borrower, copies of any letter or report with respect to the management, operations or properties of the Borrower submitted to the Borrower by the Accountant in connection with any annual or interim audit of the Borrower's accounts, and a copy of any written response of the Borrower to any such letter or report;

(f) As soon as possible and in any event within fifteen (15) days after receipt of written notice thereof, notice of any pending or threatened litigation, investigation or other proceeding involving the Borrower, the General Partner, the Guarantors or the Project Facilities; (i) which could have a material adverse effect on the operations or financial condition of the Borrower, the General Partner, the Guarantors or the Project Facilities; (ii) wherein the potential damages, in the reasonable judgment of the Borrower based upon the advice of counsel experienced in such matters, are not fully covered by the insurance policies maintained by the Borrower (except for the deductible amounts applicable to such policies); or (iii) which challenges the exclusion from gross income of interest on the Bonds for purposes of federal income taxation;

(g) As soon as possible, notice of any material adverse change in the operations, financial condition or prospects of the Borrower, the General Partner, the Guarantors or the Project Facilities;

(h) Upon delivery thereof by the Borrower, copies of any reports, certifications, financial information, compliance documents, rebate information, audits and all other items submitted by or on behalf of the Borrower to the Trustee or the Issuer;

(i) Not later than the Completion Date, the Final Completion Certificate set forth as Schedule 2 hereof (with a copy to the Issuer and the Trustee) and not later than the Stabilization Date, the Use of Proceeds Compliance Certificate set forth as Schedule 3 hereof (with a copy to the Issuer and the Trustee);

(j) As and when required under the Regulatory Agreement, the monthly compliance certificates, the annual copies of IRS Forms 8703 and other reports and notices required to be delivered under the Regulatory Agreement;

(k) Upon receipt thereof by the Borrower, notice of the cancellation or expiration (without renewal or replacement) of any insurance required to be maintained by this Agreement;

(l) Not later than the Stabilization Date, a Stabilization Certificate in the form set forth on Schedule 4 hereto (with a copy to the Issuer and the Trustee) and if construction work resulted in new structures or expansion of foot prints of the existing structures, the Trustee and the Issuer shall have received an as-built ALTA/ACSM Survey certified to the Trustee, the Issuer and the Controlling Person;

(m) As soon as possible and in any event within fifteen (15) days after the occurrence of an Event of Default, a statement of the Borrower setting forth the details of such Event of Default and the action which the Borrower proposes to take with respect thereto;

(n) Contemporaneously with the delivery to the Trustee copies of any notices, reports or other information provided to the Trustee under the Bond Documents; and

(o) Copies of IRS Forms 8609 as issued and received by the Borrower; and

(p) *Reserved*;

(q) Upon receipt thereof, copies of all real estate tax bills and insurance bills;

(r) Promptly following filing thereof, all tax returns of the Borrower and the General Partner; and

(s) Such other information respecting the operations and properties, financial or otherwise, of the Borrower as the Controlling Person may from time to time reasonably request.

Section 6.10. Tax-Exempt Status.

(a) *Representations and Covenants.* The Borrower represents, warrants and covenants as follows:

(i) The Borrower will not take any action or fail to take any action or permit any action to be taken, if any such action or inaction would adversely affect the Federal Tax Status of the Tax-Exempt Bonds. Without limiting the generality of the foregoing, the Borrower covenants that it will comply with the instructions and requirements of the Tax Exemption Agreement, which is incorporated herein as if set forth fully herein.

(ii) The Borrower will, on a timely basis, provide the Issuer with all necessary information and, with respect to the Borrower's rebate requirement or yield reduction payments (both as may be required under the Tax Exemption Agreement) required to be paid, all necessary funds, in addition to any funds that are then available for such purpose in the Rebate Fund, to enable the Issuer to comply with all arbitrage and rebate requirements of the Code. To that end, the Borrower covenants and agrees to make such payments to the Trustee as are required of it under the Tax Exemption Agreement. The obligation of the Borrower to make such payments shall remain in effect and be binding upon the Borrower notwithstanding the release and discharge of the Indenture and this Agreement.

(b) Neither the Borrower nor any “related party,” within the meaning of Section 1.150-1(b) of the Regulations, to the Borrower shall be permitted to purchase any Bonds in an amount related to the Bond Loan.

(c) *Continuing Compliance.* The requirements stated in this Section 6.10 will survive the defeasance and discharge of the Bonds for as long as such matters are relevant to the Federal Tax Status of the Tax-Exempt Bonds.

Section 6.11. Single Purpose Entities.

(a) The Borrower and the General Partner shall (i) not engage in any business or activity, other than the construction, ownership, operation and maintenance of the Project Facilities and activities incidental thereto; and (ii) not acquire, own, hold, lease, operate, manage, maintain, develop or improve any assets other than the Project Facilities and such personal property as may be necessary for the operation of the Project Facilities and shall conduct and operate its business as presently conducted and operated.

(b) Each of the Borrower and the General Partner shall (i) not maintain its assets in a way difficult to segregate and identify; (ii) ensure that business transactions between the Borrower and any Affiliate of the Borrower or any Affiliate of the General Partner shall be entered into upon terms and conditions that are substantially similar to those that would be available on an arms-length basis with a third Person other than the General Partner, or any respective Affiliate thereof; (iii) not incur or contract to incur any obligations, secured or unsecured, direct or contingent (including guaranteeing any obligation), other than, in the case of the Borrower, the Obligations evidenced by this Agreement, the other Bond Documents, and the Subordinate Debt Documents, or unsecured loans or guaranty payments made by the members of the Borrower pursuant to the Partnership Agreement or by a Guarantor, or unsecured trade payables or the Developer Fee; (iv) not make any loans or advances to any third Person (including any Affiliate of the Borrower or the General Partner), except as otherwise permitted under this Agreement or the Bond Documents; (v) do or cause to be done all things necessary to preserve its existence; (vi) not amend, modify or otherwise change its articles of organization or Partnership Agreement without obtaining the prior written consent of the Controlling Person, not to be unreasonably withheld, conditioned or delayed (and which the Controlling Person will endeavor to accept or reject within ten (10) Business Days of request); provided that no consent shall be required for changes or amendments to the Partnership Agreement to the extent such changes or amendments are solely required to effect a Permitted Transfer or do not materially and adversely affect the rights of the Holder, in which case the Majority Owner shall be given written notice of any such amendments, and provided that any changes with respect to installments of capital contributions which constitute Required Equity Funds or the timing thereof, or that otherwise, except for a change or amendment solely required to effect a Permitted Transfer, materially and adversely affect the rights and interests of the Holders or materially and adversely affect the Project also require Majority Owner consent, which consent shall not be unreasonably withheld, conditioned or delayed; (vii) conduct and operate its business as presently conducted and operated or contemplated to be conducted and operated; (viii) maintain its books and records and bank accounts separate from those of its Affiliates; (ix) be, and at all times shall hold itself out to the public as, a legal entity separate and distinct from any other Person (including any Affiliate); (x) file its own tax returns; (xi) maintain adequate capital for the normal obligations reasonably

foreseeable in a business of its size and character and in light of its contemplated business operations and in any event not less than that required under State law in order to remain a separate legal entity; (xii) not seek or consent to the dissolution or winding up, in whole or in part, of the Borrower or the General Partner; (xiii) not (A) consent to the dissolution or liquidation in whole or in part of the Borrower, or (B) permit the General Partner to dissolve, or (C) consent to the dissolution or liquidation of the General Partner; (xiv) not commingle the funds and other assets of the Borrower with those of the General Partner, any Affiliate thereof or any other Person; and (xv) not enter into any transaction with an Affiliate without the prior written consent of the Controlling Person or as permitted pursuant under the Bond Documents.

Section 6.12. Negative Pledge; No Sale.

(a) The Borrower will not create, incur, assume or permit to exist any mortgage, pledge, security interest, encumbrance or other Lien upon the Project Facilities or any property, tangible or intangible, now owned or hereafter acquired (including without limitation property leased to or being acquired by the Borrower under capital leases or installment sale agreements), by the Borrower (the sale with recourse of receivables or any “sale and lease back” of any fixed assets being deemed to be the giving of a lien thereon for money borrowed), other than Permitted Encumbrances.

(b) Other than Permitted Transfers and the making of residential leases, the Borrower shall not sell, assign, transfer, convey or otherwise dispose of the Project Facilities, or any part thereof, or permit or consent to a Sale without in each instance (i) obtaining the express prior written consent of the Controlling Person, which consent may be withheld or granted (and be subject to the payment of such fees and the satisfaction of other conditions as set forth in Section 1.12 of the Mortgage) in the Controlling Person’s sole and absolute discretion; and (ii) complying with the applicable requirements of the Regulatory Agreement.

Section 6.13. Payment of Indebtedness; Accounts Payable; Restrictions on Indebtedness.

(a) The Borrower will pay, discharge or otherwise satisfy at or before maturity or before they become delinquent, as the case may be, all of the Borrower’s Indebtedness under the Bond Documents, the Subordinate Debt Documents, and all of its other Obligations, whether now existing or hereafter arising, and comply with all covenants and agreements set forth in agreements evidencing Obligations of the Borrower.

(b) The Borrower shall pay or cause to be paid the Expenses, and capital expenditures and its other accounts payable with respect to and costs of operation and maintenance of the Project Facilities within thirty (30) days of receipt of an invoice therefor, or when the same shall otherwise be due and payable. The Borrower shall make no distribution of funds to its members unless no Default or Event of Default exists, such distribution is in accordance with the provisions of the Partnership Agreement, and all current accounts payable shall have been paid and funds shall have been set aside for the payment of accounts payable becoming due within thirty (30) days of said distribution.

(c) Without obtaining the prior written consent of the Controlling Person, the Borrower will not create, incur, assume, guarantee or be or remain liable for any indebtedness or Obligations

other than (i) Indebtedness under the Bond Documents; (ii) Indebtedness in respect of the Subordinate Debt; (iii) current liabilities of the Borrower relating to the Project Facilities incurred in the ordinary course of business but not incurred through the borrowing of money or obtaining of credit; and (iv) any unsecured loans or guaranteed payments from members or their Affiliates or the Guarantors pursuant to the Partnership Agreement and the deferred Developer Fee.

Section 6.14. Environmental Covenants.

(a) The Borrower will cause all activities at the Project Facilities during the term of this Agreement to be conducted in full compliance with all applicable Environmental Laws. The Borrower will obtain all Governmental Actions and will make all notifications, as required by Environmental Laws, and will, at all times, comply with the terms and conditions of any such Governmental Actions or notifications. During the term of this Agreement, if requested by the Controlling Person, the Borrower will provide to the Controlling Person copies of (i) applications or other materials submitted to any Governmental Authority in compliance with Environmental Laws, (ii) any notifications submitted to any Person pursuant to Environmental Laws, (iii) any Governmental Action granted pursuant to Environmental Laws, (iv) any record or manifest required to be maintained pursuant to Environmental Laws, and (v) any correspondence, notice of violation, summons, order, complaint or other document received by the Borrower, its lessees, sub-lessees or assigns, pertaining to compliance with any Environmental Laws.

(b) The Borrower will, at all times during the term of this Agreement, cause Hazardous Substances used at the Project Facilities to be handled, used, stored and disposed in accordance with all Environmental Laws and in a manner which will not cause an undue risk of Contamination in violation of Environmental Laws.

(c) The Borrower will cause all construction of new structures at the Project Facilities during the term of this Agreement to use design features which safeguard against or mitigate the accumulation of radon or radon products in concentrations exceeding the Environmental Protection Agency's recommended threshold of 4.0pCi/L.

(d) The Borrower shall not install or permit to be installed any temporary or permanent tanks for storage of any liquid or gas above or below ground, except after obtaining written permission from the Controlling Person to do so and in compliance with Environmental Laws.

(e) The Borrower shall implement a moisture management and control program (the "**Moisture Management Program**") for the Improvements at the Project Facilities to prevent the occurrence of mold, dangerous fungi, bacterial or microbial matter contamination or pathogenic organisms that reproduces through the release of spores or the splitting of cells (collectively, "**Mold**"), at, on or under the Project Facilities, which Moisture Management Program shall include, at a minimum: (a) periodic inspections of the Improvements at the Project Facilities for Mold, (b) removing or cleaning up any Mold and in a manner consistent with best industry practices and utilizing an experienced remediation contractor acceptable to and approved by the Controlling Person, and (c) in the event that the Mold identified at the Improvements at the Project Facilities cannot be removed or cleaned from any impacted building materials (e.g., porous materials such as carpeting, certain types of ceiling materials, etc.) and/or equipment, removing all such impacted building materials and/or equipment from the Project Facilities, all in accordance

with the procedures set forth in the United States Environmental Protection Agency's ("EPA") guide entitled "Mold Remediation in Schools and Commercial Buildings," EPA No. 402-K-01-001, dated March 2001 and in a manner consistent with best industry practices and utilizing an experienced remediation contractor acceptable to and approved by the Controlling Person. The Borrower shall include as part of every residential lease a Mold/Mildew Addendum in the form attached hereto as Exhibit C. The Borrower further covenants and agrees that, in connection with any mold remediation undertaken by or on behalf of the Borrower hereunder, the source (e.g., leaking pipe, water damage, water infiltration, etc.) of any Mold at the Improvements at the Project Facilities shall be promptly identified and corrected to prevent the occurrence or re-occurrence of any Mold.

(f) Upon the occurrence of an Event of Default, or if the Controlling Person has reason to believe that there has occurred and is continuing a violation of Environmental Law or that there exists a condition that could give rise to any Governmental Action, the Controlling Person may, at its discretion, commission an investigation at the Borrower's expense of (i) compliance at the Project Facilities with Environmental Laws, (ii) the presence of Hazardous Substances or Contamination at the Project Facilities, (iii) the presence at the Project Facilities of materials which are described in clause (b) of Section 5.12, (iv) the presence at the Project Facilities of Environmentally Sensitive Areas, (v) the presence at the Project Facilities of radon products, (vi) the presence at the Project Facilities of tanks of the type described in paragraph (e) of Section 5.12 or in paragraph (d) of Section 6.14 above, or (vii) the presence of Mold at the Project Facilities. In connection with any investigation pursuant to this paragraph, the Borrower, and its lessees, sub-lessees and assigns, will comply with any reasonable request for information made by the Controlling Person or its agents in connection with any such investigation. Any response to any such request for information will be full and complete. The Borrower will assist the Controlling Person and its agents to obtain any records pertaining to the Project Facilities or to the Borrower and the lessees, sub-lessees or assigns of the Borrower in connection with an investigation pursuant to this paragraph. The Borrower will permit the Controlling Person and its agents access to all areas of the Project Facilities at reasonable times and in reasonable manners in connection with any investigation pursuant to this paragraph. No investigation commissioned pursuant to this paragraph shall relieve the Borrower from any responsibility for its representations and warranties under Section 5.12 hereof or under the Environmental Indemnity Agreement.

(g) In the event of any Contamination affecting the Project Facilities, whether or not the same originates or emanates from the Project Facilities or any contiguous real estate, or if the Borrower otherwise shall fail to comply with any of the requirements of Environmental Laws, the Controlling Person may, at its election, but without the obligation so to do, give such notices, cause such work to be performed at the Project Facilities and take any and all other actions as the Controlling Person shall deem necessary or advisable in order to remedy said Contamination or cure said failure of compliance and any amounts paid as a result thereof, together with interest thereon at the Default Rate from the date of payment by the Controlling Person, shall be immediately due and payable by the Borrower and until paid shall be added to and become a part of the Indebtedness and shall have the benefit of the lien hereby created as a part thereof prior to any right, title or interest in or claim upon the Project Facilities attaching or accruing subsequent to the lien of the Mortgage on the Project Facilities.

Section 6.15. Controlling Person. The Borrower acknowledges and agrees that (i) the Majority Owner has the sole and exclusive right to arrange for servicing of the Loan and to appoint another person or entity to serve as its representative hereunder, under the other Bond Documents and under the Indenture and the Controlling Person has appointed the Servicer to service the Loan; (ii) the Majority Owner has appointed [NewPoint Real Estate Investment Management LLC] to serve in the capacity of Controlling Person hereunder, under the other Bond Documents, and under the Indenture; and (iii) the Majority Owner retains the sole and exclusive right to appoint, remove or replace the Controlling Person, without the consent or approval of the Borrower. The Borrower shall comply with the directions of the Controlling Person and the Servicer made on behalf of the Majority Owner under the Bond Documents to which it is a party.

Section 6.16. Tax Returns. The Borrower shall cause the General Partner to timely file all tax returns for itself and shall cause the Class B Limited Partner to timely file all tax returns for the Borrower, pay or cause to be paid when due all taxes imposed on their operations, assets, income or properties, and, upon request, provide to the Controlling Person copies of such returns and receipts for payment of such taxes.

Section 6.17. Leases. The Borrower hereby represents that there are no leases or agreements to sublease all or any part of the Project Facilities now in effect, except for the lease of the real property on which the Project Facilities are to be located pursuant to the Ground Lease. Except for leases to residential tenants in compliance with the Regulatory Agreement and leases for services associated with residential rental properties (such as laundry and cable lease), the Borrower shall not enter into or become liable under, any leases or agreements to lease all or any part of the Project Facilities without the prior written approval thereof and of the prospective tenant by the Controlling Person. Each lease of residential units in the Project Facilities to a residential tenant shall be on a form of lease approved by the Controlling Person and shall be in compliance with the requirements of the Regulatory Agreement.

Section 6.18. Further Assurances. The Borrower will promptly and duly execute, acknowledge and deliver from time to time such further instruments and take such further actions as may be reasonably required by the Issuer, the Trustee or the Controlling Person to carry out the purposes and provisions of this Agreement and the other Bond Documents, to confirm the priority and/or perfection of any lien, pledge, assignment or security interest created or intended to be created by this Agreement and to assure the Controlling Person and the Majority Owner of the subrogation and security rights in favor of the Trustee for the benefit of the Holders of the Bonds contemplated by this Agreement, by the other Bond Documents and by the Indenture. The Borrower shall obtain any approvals required under the Subordinate Debt Documents in connection with any of the foregoing.

Section 6.19. Management Agreement. The Borrower has entered into a property management agreement in a form approved by the Controlling Person with the Managing Agent (together with any extension and replacements thereof and as the same may be amended, modified or supplemented from time to time, the “**Management Agreement**”). Under the Management Agreement, the Managing Agent shall provide certain management services and shall be entitled to receive as compensation for those services an amount not in excess of the Underwritten Management Fee. Any amounts due the Managing Agent in excess of the Underwritten Management Fee shall be subordinated to the payment by the Borrower of all principal of,

premium, if any, and interest due on the Bonds, all Third Party Costs and all required deposits into the Accounts. The Borrower shall not replace the Managing Agent for the Project Facilities without the Controlling Person's prior written approval, and the Management Agreement shall not be terminated or modified without the Controlling Person's prior written approval. In the event the Managing Agent resigns or is removed, the Borrower shall promptly seek a replacement Managing Agent and submit such Managing Agent and its proposed form of Management Agreement to the Controlling Person for approval; if the Borrower has not done so within thirty (30) days of becoming aware of such resignation or removal, the Controlling Person may (but shall not be required to) engage a new Managing Agent on terms satisfactory to the Controlling Person in its sole discretion and at the expense of the Borrower. The sole and exclusive compensation (exclusive of reimbursement for expenses pursuant to the applicable Management Agreement) paid to manage the Project Facilities under the Management Agreement shall be as described in this Section 6.19. The Borrower shall have no employees whatsoever. The Managing Agent shall execute a consent to the Assignment of the Management Agreement pursuant to which the Managing Agent shall confirm the subordination provisions described above and agree that the Management Agreement shall be terminable by the Controlling Person, with or without cause, on thirty (30) days' notice following and during the existence of an Event of Default.

Section 6.20. Determination of Taxability. Promptly after the Borrower first becomes aware of any Determination of Taxability or an event that could trigger a Determination of Taxability, the Borrower shall give written notice thereof to the Issuer, the Trustee, the Controlling Person and the Majority Owner. Upon such notification, the Controlling Person or the Majority Owner, at either such party's sole discretion and at its expense, may contest such conclusion

Section 6.21. List of Bondholders. Upon the written request of the Controlling Person, the Borrower shall exercise any right it may have under the Indenture to request a list of Bondholders and shall deliver such list to the Controlling Person. Any costs associated with obtaining the list of Bondholders at the Controlling Person's request shall be paid by the Controlling Person.

Section 6.22. Use of Proceeds. The Borrower agrees that the proceeds of the Bonds will be allocated exclusively to pay Project Costs and that, for the greatest possible number of buildings, the Tax-Exempt Bond proceeds will be allocated on a pro rata basis to each building in the Project Facilities and the land on which such building is located, so that each building and the land on which it is located will have been financed fifty percent (50%) or more by the proceeds of the Tax-Exempt Bonds for the purpose of complying with Section 42(h)(4)(B) of the Code.

Section 6.23. Compliance With Anti-Terrorism Regulations. Neither the Borrower nor any Person holding any legal or beneficial interest whatsoever in the Borrower shall at any time during the Term be described in, covered by or specially designated pursuant to or be affiliated with any Person described in, covered by or specially designated pursuant to Executive Order 13224 — Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism, as amended, or any similar list issued by the Office of Foreign Assets Control (“**OFAC**”) or any other department or agency of the United States of America. Notwithstanding the foregoing, the Borrower hereby confirms that if it becomes aware or receives any notice of any violation of the foregoing covenant and agreement (an “**OFAC Violation**”), the Borrower will immediately (i) give notice to the Controlling Person of such OFAC Violation, and

(ii) comply with all Legal Requirements applicable to such OFAC Violation, including, without limitation, Executive Order 13224; the International Emergency Economic Powers Act, 50 U.S.C. Sections 1701-06; the Iraqi Sanctions Act, Pub. L. 101-5 13, 104 Stat. 2047-55; the United Nations Participation Act, 22 U.S.C. Section 287c; the Antiterrorism and Effective Death Penalty Act, (enacting 8 U.S.C. Section 219, 18 U.S.C. Section 2332d, and 18 U.S.C. Section 2339b); the International Security and Development Cooperation Act, 22 U.S.C. Section 2349 aa-9; the Terrorism Sanctions Regulations, 31 C.F.R. Part 595; the Terrorism List Governments Sanctions Regulations, 31 C.F.R. Part 596; and the Foreign Terrorist Organizations Sanctions Regulations, 31 C.F.R. Part 597 (collectively, the “**Anti-Terrorism Regulations**”), and the Borrower hereby authorizes and consents to the Controlling Person’s taking any and all reasonable steps the Controlling Person deems necessary, in its sole discretion, to comply with all Legal Requirements applicable to any such OFAC Violation, including the requirements of the Anti-Terrorism Regulations. Notwithstanding anything to the contrary in this Section, the Borrower shall not be deemed to be in violation of the covenants and agreements set forth in the first sentence of this Section if the Borrower timely complies with all requirements imposed by the foregoing sentence and all requirements of the Antiterrorism Regulations and all other applicable Legal Requirements relating to such OFAC Violation.

Section 6.24. Adoption of Capital and Operating Budgets.

(a) On or before December 1 of each Fiscal Year, the Borrower shall submit to the Controlling Person for approval a proposed capital and operating budget with respect to the Project Facilities to be effective for the next following Fiscal Year (the “**Proposed Budget**”). The Controlling Person shall have the right to approve or disapprove any Proposed Budget, which approval shall not be unreasonably withheld or delayed. Third party costs not within the Borrower’s control and costs associated with remediation of emergency conditions shall be permitted variances to the Annual Budget. If any Proposed Budget is not disapproved by the Controlling Person within thirty (30) days following submission by the Borrower, such budget shall be deemed approved. If any budget is disapproved, the Borrower shall thereafter consult with the Controlling Person in an effort to achieve a mutually acceptable Annual Budget for an additional thirty (30) days. To the extent the proposed operating budget is disapproved, the operating budget for the previous Fiscal Year shall remain in effect increased by five percent (5%) over the previous Fiscal Year (except for costs of utilities, Impositions and insurance and other third-party costs or cost associated with remediation of emergency conditions which shall be permitted variances to the Proposed Budget) until the parties resolve their differences. In addition to, and not in limitation of the foregoing, each Annual Budget may be revised from time to time with approval of Controlling Person to reflect changes to Expenses and proposed Capital Expenditures set forth in the then-current Annual Budget.

(b) Without limiting the generality that each Proposed Budget must be approved by the Controlling Person, each Proposed Budget:

(i) shall be prepared on the basis of sound accounting practices consistently applied;

(ii) shall reflect all amounts projected to be deposited in the Replacement Reserve Fund and the projected revenues and Expenses of the Project Facilities;

(iii) shall reflect all projected Capital Expenditures which are reasonably expected to be made in connection with the Project Facilities during the Fiscal Year covered by such Proposed Budget; and

(iv) shall be in such form as is reasonably acceptable to the Controlling Person and containing such other information as reasonably may be requested by the Controlling Person.

Section 6.25. Borrower's Approval of Indenture. The Borrower understands that the Issuer will, pursuant to the Indenture and as security for the payment of the principal of, acceleration premium, if any, and the interest on, the Bonds, assign and pledge to the Trustee, and create a security interest in favor of the Trustee in certain of its rights, title and interest in and to this Agreement (including all payments hereunder) reserving, however, the Reserved Rights; and the Borrower hereby agrees and consents to such assignment and pledge. The Borrower acknowledges that it has received a copy of the Indenture for its examination and review. By its execution of this Agreement, the Borrower acknowledges that it has approved, has agreed to and is bound by the applicable provisions of the Indenture. The Borrower agrees that the Trustee shall be entitled to enforce and to benefit from the terms and conditions of this Agreement that relate to it notwithstanding the fact that it is not a signatory hereto.

Section 6.26. Conditions Precedent; Payment of Certain Fees, Deposits and Expenses. On the date of execution and delivery hereof, (a) the Controlling Person shall have received, in immediately available funds, an amount equal to the fees set forth in Section 2.02(a) hereof, and the fees of the Engineering Consultant, if any, set forth in Section 2.02(b) hereof incurred as of the date of the execution and delivery hereof, and (b) the Trustee shall have received the deposits required to be made in the Accounts on such date pursuant to Article VIII hereof.

Section 6.27. Additional Conditions Precedent. The rights of the Borrower to the disbursement of funds from the Project Fund under this Agreement shall be subject to the conditions precedent set forth in Section 9.12 hereof and on Schedule 1 hereof.

Section 6.28. Reserved.

Section 6.29. Construction of Improvements. The Borrower shall construct the Project Facilities in a true, thorough and workmanlike manner and substantially in accordance with the Plans and Specifications and in compliance in all material respects with all applicable Governmental Actions and Legal Requirements. The Borrower shall provide, at the Borrower's expense all manner of materials, labor, implements and cartage of every description for the due completion of construction of the Project Facilities. The Borrower shall take all necessary steps to assure that commencement of construction of the Project Facilities shall begin within thirty (30) days following the Closing Date, shall proceed continuously and diligently and in a commercially reasonable manner, and shall be completed lien free in a timely manner substantially in accordance with the Plans and Specifications and in all instances in compliance in all material respects with all applicable Governmental Actions and Legal Requirements, on or before the Completion Date.

Section 6.30. Evidence of Payment of Costs. If requested by the Controlling Person, the Borrower shall furnish, before each advance agreed to be made and on completion of construction,

all receipted bills, certificates, affidavits, conditional releases of lien and other documents which may be reasonably required by the Controlling Person, as evidence of full payment for all labor and materials incident to the construction of the Project Facilities for each requested draw with copies of unconditional releases of lien from each prior draw and will promptly secure the release of the Project Facilities from all liens by payment thereof or transfer to bond or other security.

Section 6.31. Correction of Deficiencies in Improvements. The Borrower agrees that it will correct any work performed and replace any materials that do not comply with the Plans and Specifications in any material respect. In the event of any dispute between the Borrower and the Controlling Person with respect to the interpretation and meaning of the Plans and Specifications, the same shall be determined by an independent engineer selected by the Borrower from the list of engineers approved by the Controlling Person.

Section 6.32. Loan Rebalancing. If, for any reason, the Controlling Person shall, in the reasonable exercise of the Controlling Person's judgment, determine that the combined total of (i) the remaining proceeds of the Loan, (ii) the capital contributions from the Borrower's members; (iii) any other source of funds shown in the Development Budget attached hereto; and (iv) any other sums deposited by the Borrower with the Trustee are insufficient to pay through completion of the Project Facilities, all of the following sums: (x) all remaining costs of construction, marketing, ownership, maintenance and leasing of the Project Facilities; and (y) all remaining interest and all other remaining sums which may accrue or be payable under the Bond Documents, then the Controlling Person may require the Borrower to deposit with the Trustee for deposit into the Project Fund, within ten (10) Business Days after written request by the Controlling Person, the projected deficiency, and such deposit shall be first disbursed in the same manner as the Loan is to be disbursed as provided herein before any further disbursements of the proceeds of the Loan shall be made. Notwithstanding the foregoing, if, at any time, the Controlling Person determines, in Controlling Person's reasonable discretion, that it is unlikely that the Borrower will receive all or a portion of the sources of funds shown on the Development Budget (other than Loan proceeds), the Controlling Person may exclude such amount from its determination of whether the Loan is "in balance" as provided above.

Section 6.33. Use of Loan Proceeds. All labor and materials contracted for and in connection with the construction of the Project Facilities shall be used and employed solely for the Improvements and in said construction and only in accordance with the Plans and Specifications. Moneys disbursed from Accounts held under the Indenture to or for the account of the Borrower under this Agreement shall constitute a trust fund in the hands of the Borrower or other payee with respect to the Bonds and shall be used solely by such payee for the payment of the Project Costs and for no other purpose unless another use is specifically provided for in this Agreement or consented to in writing by the Controlling Person. Nothing in this paragraph shall be deemed to impose a trust on the undisbursed portion of the Loan or any other amounts held under the Indenture or to impose any duty on the Controlling Person with respect thereto.

Section 6.34. Reserved.

Section 6.35. Developer Fee. The Borrower will not pay any Developer Fee prior to the Stabilization Date except as provided in the Partnership Agreement.

Section 6.36. Reserved.

Section 6.37. Extension of the Stabilization Date. (a) Notwithstanding any provisions in this Agreement to the contrary, the Borrower may, upon 30 days prior written notice to the Controlling Person, extend the deadline for the Project Facilities to achieve Stabilization so long as:

(i) there is no uncured Default or Event of Default exists and the Borrower is then in compliance with its obligations under the Bond Documents;

(ii) the extended deadline for the achievement of Stabilization is no later than six months after the initial Stabilization Date;

(iii) unless waived by the Majority Owner, an extension fee equal to 0.00% times the principal amount of Bonds Outstanding at the date of extension is paid to the Controlling Person with respect to such extension; and

(iv) the Borrower certifies in writing to the Controlling Person that cash flows generated from property operations and/or funds on deposit with the Trustee (or other sources approved by the Controlling Person) will be sufficient to pay debt service during the term of the extension.

(b) Notwithstanding any provisions in this Agreement to the contrary, the Borrower may request, upon 30 days prior written notice to the Controlling Person, an extension of the deadline for the Project Facilities to achieve Stabilization for a second time, which the Controlling Person, acting in its sole and absolute discretion, may allow, provided that:

(i) there is no uncured Default or Event of Default exists and the Borrower is then in compliance with its obligations under the Bond Documents;

(ii) the extended deadline for the achievement of Stabilization is no later than six months after the initial Stabilization Date;

(iii) unless waived by the Majority Owner, an extension fee equal to 0.50% times the principal amount of Bonds Outstanding at the date of extension is paid to the Controlling Person with respect to such extension; and

(iv) the Borrower certifies in writing to the Controlling Person that cash flows generated from property operations and/or funds on deposit with the Trustee (or other sources approved by the Controlling Person) will be sufficient to pay debt service during the term of the extension.

Section 6.38. Stabilization; Pre-Stabilization Loan Equalization Payment; Deferred Origination Fee, Premium. The Project Facilities shall achieve Stabilization on or prior to the Stabilization Date. In order to achieve Stabilization, the Borrower shall make or cause to be made a Pre-Stabilization Loan Equalization Payment and cause a redemption of the Bonds, as set forth in Section 3.4(a)(ii) of the Indenture. Following the application of a Pre-Stabilization Loan Equalization Payment to partially redeem Bonds, if the principal amount of 2025A-1 Bonds

outstanding on the Stabilization Date is greater than \$[at pricing, insert 100% of underwritten 2025A-1 Bond amount], the Borrower shall pay the Controlling Person a deferred origination fee equal to 0.50% times the principal amount of 2025A-1 Bonds Outstanding on the Stabilization Date and \$[at pricing, insert 100% of underwritten 2025A-1 Bond amount]. In the event the Pre-Stabilization Loan Equalization Payment results in the principal amount of 2025A-1 Bonds outstanding on the Stabilization Date, following the partial redemption made with such payment, to be less than \$[33,912,000], the Borrower shall pay a premium on the Stabilization Date, calculated in accordance with the provisions of Exhibit D attached to this Agreement, on the difference between \$[33,912,000] and the principal amount of 2025A-1 Bonds outstanding on the Stabilization Date, following the above-referenced partial redemption.

ARTICLE VII

DEFAULTS AND REMEDIES

Section 7.01. Defaults. Each of the following shall constitute an event of default hereunder (“**Event of Default**”):

(a) Failure by the Borrower to pay any amount required to be paid by the Borrower under this Agreement, the Note or any of the other Bond Documents when the same shall become due and payable;

(b) Failure by the Borrower to perform or comply with any of the terms or conditions contained in Section 6.01, 6.11 or 6.12 hereof;

(c) Failure by the Borrower to perform or comply with any of the terms or conditions contained in this Agreement and any of the other Bond Documents to which the Borrower is a party, other than (i) pursuant to the Continuing Disclosure Agreement or (ii) as described in paragraphs (a) and (b) above, and continuation of such failure for thirty (30) days after written notice from the Trustee or the Controlling Person to the Borrower (with a copy to the Investor), or such longer period to which the Controlling Person may agree in the case of a default not curable by the exercise of due diligence within such thirty (30) day period, if the Borrower, the General Partner, the Class B Limited Partner or the Investor shall have commenced a cure of such default within such thirty (30) day period and shall be diligently pursuing such cure as quickly as reasonably possible;

(d) Any of the representations or warranties of the Borrower set forth in this Agreement, any of the other Bond Documents or any other document furnished to the Issuer, the Trustee the Controlling Person or the Majority Owner pursuant to the terms hereof proves to have been false or misleading in any material respect when made;

(e) Any provision of this Agreement or any of the other Bond Documents to which the Borrower, the General Partner or any Guarantor is a party for any reason ceases to be valid and binding on the Borrower, the General Partner or any Guarantor, is declared to be null and void, or is violative of any applicable Legal Requirement relating to a maximum amount of interest permitted to be contracted for, charged or received, or the validity or enforceability thereof is contested by the Borrower, the General Partner or any Guarantor or any Governmental Authority,

or the Borrower, the General Partner or any Guarantor denies that it has any or further liability or obligation under this Agreement or any of the Bond Documents to which the Borrower, the General Partner or any Guarantor is a party, in any such case, contrary to the term thereof;

(f) The occurrence of an Event of Default as defined in the Indenture, the other Bond Documents, or an act or event (or failure to act or non-occurrence of an act) which, with the passage of time, the giving of notice or both, would constitute an Event of Default under the Indenture or the other Bond Documents;

(g) The Borrower, any Guarantor or the General Partner (i) applies for or consents to the appointment of a receiver, trustee, liquidator or custodian or the like of the Borrower, any Guarantor or the General Partner, as applicable, or of property of any such party or (ii) admits in writing the inability of the Borrower, any Guarantor or the General Partner to pay its debts generally as they become due, or (iii) makes a general assignment for the benefit of creditors, (iv) is adjudicated bankrupt or insolvent, (v) commences a voluntary case under the Bankruptcy Code or files a voluntary petition or answer seeking reorganization, an arrangement with creditors or an order for relief or seeking to take advantage of any insolvency law or files an answer admitting the material allegations of a petition filed against the Borrower, any Guarantor or the General Partner in any bankruptcy, reorganization or insolvency proceeding, or action of the Borrower, any Guarantor or the General Partner is taken for the purpose of effecting any of the foregoing, or (vi) has instituted against it, without the application, approval or consent of the Borrower, any Guarantor or the General Partner, as applicable, a proceeding in any court of competent jurisdiction, under any Legal Requirements relating to bankruptcy, insolvency, reorganization or relief of debtors, seeking in respect of the Borrower, any Guarantor or the General Partner an order for relief or an adjudication in bankruptcy, reorganization, dissolution, winding up or liquidation, a composition or arrangement with creditors, a readjustment of debts, the appointment of a trustee, receiver, liquidator or custodian or the like of the Borrower, any Guarantor or the General Partner or of all or any substantial part of the assets of such party or other like relief in respect thereof under any Legal Requirements relating to bankruptcy or insolvency law, and, if such proceeding is being contested by the Borrower, such Guarantor or the General Partner, as applicable, in good faith, the same (A) results in the entry of an order for relief or any such adjudication or appointment or (B) remains undismissed and undischarged for a period of sixty (60) days;

(h) The Borrower fails to maintain in full force and effect any insurance required pursuant to this Agreement;

(i) The Project Facilities suffer a loss by fire or other casualty and such loss is not fully insured and any deficiency in the amount of insurance proceeds paid with respect to such loss is not posted with the Trustee within thirty (30) days of the determination of such deficiency;

(j) The Project Facilities fail to achieve (i) Final Completion on or before the Completion Date; or (ii) Stabilization on or before the Stabilization Date;

(k) Any litigation or administrative proceeding ensues, and is not dismissed within thirty (30) days, involving the Borrower, the General Partner, any Guarantor or any instrument, contract or document delivered by the Borrower to the Controlling Person or the Trustee in

compliance with this Agreement, and the adverse result of such litigation or proceeding would have, in the Controlling Person's reasonable opinion, a materially adverse effect on the Borrower's, the General Partner's or any Guarantor's ability to pay its obligations and comply with the covenants under this Agreement or any of the other Bond Documents;

(l) Any one or more judgments or orders are entered against the Borrower, any Guarantor or the General Partner, and (1) continue unsatisfied and unstayed for thirty (30) days or (2) a judgment lien on any property of the Borrower, any Guarantor or the General Partner is recorded in respect thereof and is not stayed pending appeal by a bond or other arrangement given or obtained by the Borrower, any Guarantor or the General Partner on terms which do not violate any of the Borrower's covenants under this Agreement;

(m) Failure by the Borrower or any Guarantor (1) to make any payment or payments in respect of any Obligation or Indebtedness (unless a bona fide dispute exists as to whether such payment is due), when such payment or payments are due and payable (after the lapse of any applicable grace period), (2) to perform any other obligation or covenant under any such obligation or obligations or (3) to pay or perform any obligation or covenant under any Material Contract, any of which (x) results in the acceleration of such Obligation or Indebtedness or enables the holder or holders of such Obligation or Indebtedness or any person acting on behalf of such holder or holders to accelerate the maturity of such obligation or (y) would have, in the Controlling Person's reasonable opinion, a materially adverse effect on either the Borrower's or any Guarantor's ability to pay its obligations and comply with the covenants under this Agreement or any of the other Bond Documents;

(n) Construction of the Improvements shall have been discontinued for thirty (30) consecutive working days for any reason whatsoever, except such reason as the Controlling Person shall deem reasonable;

(o) The Contractor shall have defaulted under the Construction Contract, which default the Controlling Person, in its sole opinion, shall deem to be substantial, and the Borrower, upon five (5) days written notice from the Controlling Person, shall have failed to exercise any right or remedy to which it shall be entitled;

(p) A Transfer other than a Permitted Transfer occurs; and

(q) An event of default shall have occurred under the Subordinate Debt Documents.

Section 7.02. Remedies. If an Event of Default has occurred and is continuing uncured, the Trustee, acting solely at the written direction of the Controlling Person, shall:

(a) Declare the principal of all Bonds then Outstanding and the interest accrued thereon to be due and payable; and

(b) Declare the Borrower's obligations hereunder, under the Note and under the other Bond Documents to be, whereupon the same shall become, immediately due and payable, provided, no such declaration shall be required, and acceleration shall be automatic, upon occurrence of an event set forth in Section 7.01(g) hereof; and

(c) Take whatever action at law or in equity may appear necessary or desirable to collect the amounts then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the Borrower under this Loan Agreement, the Note, the Regulatory Agreement or any other Bond Document in the event of default thereunder (including without limitation, appointment of a receiver or foreclosure of the Mortgage); and

(d) In the event the Contractor shall have defaulted as aforesaid, and the Contractor has no surety, the Controlling Person shall proceed to negotiate or invite bidding to procure, within an additional fifteen (15) days, a successor Contractor to complete the Improvements under a performance bond and labor and material payment bond approved by the Controlling Person in the full amount of the new contract price; if the Contractor has a surety, but the surety refuses or fails to commence completion of the Improvements within fifteen (15) days after notice from the Borrower to do so, the Controlling Person shall proceed, within ten (10) days, to negotiate or invite bidding as herein provided or to take action against the entity; and

(e) (1) Enter upon or take possession of the Project Facilities and call upon or employ suppliers, agents, managers, maintenance personnel, security guards, architects, engineers and inspectors to complete, manage or operate the Project Facilities or to protect the Project Facilities from injury; (2) pay out additional sums (which sums shall be immediately due and payable by the Borrower to the Trustee) and use any property of the Borrower associated with the Project Facilities, or any property of the Borrower in which the Trustee has or obtains an interest for application to or as a reserve for payment of any or all of the following with respect to the protection, management, operation or maintenance of the Project Facilities or the protection of the Trustee's interest therein, and in such connection deliver or disburse the same to such entities in such amounts and with such preferences and priorities as the Controlling Person in its sole discretion shall determine, either with or without vouchers or orders executed by the Borrower: (A) all sums due from the Borrower to the Trustee; (B) premiums and costs of title and any other insurance; (C) leasing fees and brokerage or sales commissions; (D) fees, costs and expenses of the Trustee and its counsel in connection with the enforcement and performance of this Agreement, the other Bond Documents and the other documents contemplated hereby; (E) any taxes (including federal, state and local taxes) or other governmental charges; (F) any sums required to indemnify and hold the Trustee harmless from any act or omission of the Trustee (except such as are finally adjudicated by a court of competent jurisdiction to have been grossly negligent or directly due to its willful misconduct) under Section 2.05 hereof, the other Bond Documents or any other document; (G) architectural and engineering costs or any sums due to contractors, subcontractors, mechanics or materialmen for work or services actually furnished on or for the Project Facilities; (H) claims of any Governmental Authority for any required withholding of taxes on wages payable or paid by the Borrower; and (I) other costs and expenses which are required to complete, manage or operate the Project Facilities or to protect the Project Facilities from injury or maintain the Trustee's security position before the rights of all others; (3) place additional encumbrances upon the Project Facilities; and (4) employ leasing and sales agents and negotiate and execute leases, sales contracts and financing undertakings in connection with all or any part of the Project Facilities; and

(f) Subject to all Legal Requirements, require the Borrower to transfer all security deposits to the Trustee; and

(g) Exercise, or cause to be exercised, any and all such remedies as it may have under this Agreement, the other Bond Documents or at law or in equity.

Before taking any action required hereunder which may require the Trustee to incur costs, expend its own funds or expose it to risk, the Trustee may require security or indemnification satisfactory to it for the reimbursement of all costs, expenses or liabilities it may incur in connection with such action.

Section 7.03. No Waivers; Consents. No waiver of, or consent with respect to, any provision of this Agreement shall in any event be effective unless the same shall be in writing and signed by the Trustee at the direction of the Controlling Person (or by the Issuer if the same relates to Reserved Rights), and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which it was given.

Section 7.04. No Waiver; Remedies Cumulative. No failure on the part of the Issuer, the Trustee, the Controlling Person or any Bondholder to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof; and no single or partial exercise of any right hereunder shall preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies available under any other document or at law or in equity.

Section 7.05. Set-Off. Upon the occurrence and during the continuation of an Event of Default hereunder, the Trustee is hereby authorized at any time and from time to time without notice to the Borrower or the General Partner (any such notice being expressly waived by the Borrower and the General Partner) and, to the fullest extent permitted by applicable Legal Requirements, to set off and to apply any and all balances, credits, deposits (general or special, time or demand, provisional or final), accounts or moneys at any time held (including any amounts in the Accounts except for the Rebate Fund and the Tax and Insurance Escrow Fund) and other indebtedness at any time owing by the Issuer to or for the account of the Borrower against any and all of the obligations of the Borrower now or hereafter existing under this Agreement, the Bond Documents or any other agreement or instrument delivered by the Borrower to the Issuer in connection therewith, whether or not the Issuer shall have made any demand hereunder or thereunder and although such obligations may be contingent or unmatured. The rights of the Trustee under this Section are in addition to other rights and remedies (including, without limitation, other rights of set-off) which the Trustee may have.

Section 7.06. Issuer and Borrower to Give Notice of Default. The Issuer and the Borrower severally covenant that they will, at the expense of the Borrower, promptly give to the Trustee, the Controlling Person and the Investor and to each other written notice of the occurrence of any Event of Default under this Agreement, and any act, event or circumstance which, with the passage of time, or notice, or both, would constitute such an Event of Default of which they shall have actual knowledge or written notice, but the Issuer shall not be liable for failing to give such notice.

Section 7.07. Cure by Investor. Notwithstanding anything to the contrary contained herein, the Issuer hereby agrees that any timely cure of any default made or tendered by the Investor shall be deemed to be a cure by the Borrower, and shall be accepted or rejected on the

same basis as if made or tendered by the Borrower; provided, however, that the Investor shall not have any obligation or duty to take any action to cure any default or to cause any default to be cured.

Section 7.08. Default Rate; Acceleration Premium; Penalty Rate.

(a) In the event there shall have occurred an acceleration of the obligations of the Borrower hereunder following an Event of Default on or before the First Optional Redemption Date, any tender of payment of an amount necessary to satisfy the indebtedness evidenced by this Agreement shall include the acceleration premium set forth in Section 2.03(c) hereof.

(b) In addition, in the event that principal or interest payable hereunder is not paid when due, there shall be payable on the amount not timely paid, interest at the Default Rate until the unpaid amount, together with interest thereon, shall have been paid in full.

Section 7.09. Reserved Rights; Regulatory Agreement Defaults.

(a) Notwithstanding anything to the contrary contained herein, the Issuer may enforce its Reserved Rights under the Bond Documents and exercise the permitted remedies with respect thereto against the Borrower, subject to the provisions of subparagraph (c) below.

(b) If there shall have occurred and be then continuing an event of default under the Regulatory Agreement which would, in the reasonable judgment of the Issuer, the Controlling Person or the Majority Owner, jeopardize the Federal Tax Status of the Tax-Exempt Bonds (a “**Regulatory Agreement Default**”) and such Regulatory Agreement Default remains uncured or unwaived for a period of sixty (60) days after the Borrower, the Trustee, the Controlling Person and the Majority Owner receive written notice from the Issuer, the Controlling Person or the Majority Owner, as applicable stating that a Regulatory Agreement Default has occurred and specifying the nature of such default, then, if authorized by the Bond Documents, the Issuer and the Trustee may, without the consent of the Controlling Person or the Majority Owner, exercise the remedy of pursuing specific performance of the Bond Documents on account of such default, unless:

(i) The Issuer and the Trustee, prior to the end of such sixty (60) day period, are provided with a Favorable Opinion of Bond Counsel with respect to such failure to cure such default (which opinion may be requested and obtained by the Controlling Person or the Majority Owner);

(ii) The Controlling Person, the Majority Owner or the Borrower institutes action to cure such Regulatory Agreement Default within such sixty (60) day period and diligently pursues such action thereafter until such Regulatory Agreement Default is cured; or

(iii) If such Regulatory Agreement Default is not reasonably curable by the Controlling Person or the Majority Owner without the Trustee’s first securing possession of the Project Facilities and/or operational control of the Borrower and the Controlling Person or the Majority Owner (subject to extension during any stay on account of the bankruptcy of the Borrower) (x) instructs the Trustee, subject to the terms of the Indenture,

to institute, within such sixty (60) day period, proceedings or other action for the purposes of obtaining such possession or control pursuant to the Bond Documents; (y) thereafter instructs the Trustee, pursuant to the terms of the Indenture, to pursue diligently such proceedings until such possession or control is obtained; and (z) diligently pursues action to cure such default after the Trustee or other designee of the Controlling Person or the Majority Owner obtains possession or control of the Project Facilities, until such default is cured; provided, however, that any extension, of the period within which a Regulatory Agreement Default must be cured shall only be effective if and to the extent that, in the opinion of Bond Counsel provided to the Trustee, such extension will not adversely affect the Federal Tax Status of the Tax-Exempt Bonds; and provided further, that the Trustee, upon five (5) Business Days' prior written notice to the Controlling Person and the Majority Owner following any such Regulatory Agreement Default, may reduce the 60-day period provided above to such shorter period of time as is specified in such notice (but in no event less than fifteen (15) Business Days), but only if the Trustee, the Controlling Person and the Majority Owner shall have been provided with an opinion of Bond Counsel to the effect that such reduction of such period is necessary to preserve the Federal Tax Status of the Tax-Exempt Bonds.

(c) In the event of a default in respect of Reserved Rights or a Regulatory Agreement Default which remains uncured after written notice thereof to the Borrower, the Controlling Person and the Majority Owner, nothing in this Section 7.09 shall restrict or in any way limit the right of the Issuer or the Trustee to take any action for specific performance available under the Regulatory Agreement or at law or in equity in order to enforce the terms of the Regulatory Agreement or to enforce Reserved Rights hereunder, so long as neither the Issuer nor the Trustee takes any action (i) to declare the Outstanding balance of the Bonds or the Loan to be due on account of such default, (ii) to have a receiver appointed in respect of the Project Facilities, (iii) to foreclose any liens upon or security interests or to enforce any other similar remedy against any of the property described in the Mortgage, (iv) to enforce any other similar remedy which would cause such liens or security interests to be discharged or materially impaired thereby, or (v) impair the ability of the Borrower to pay its obligations under the Bond Documents.

ARTICLE VIII

DEPOSITS TO FUNDS

Section 8.01. Deposits to and Disbursements from the Replacement Reserve Fund. Pursuant to the Replacement Reserve Agreement, the Borrower shall pay or cause to be paid to the Trustee for deposit into the Replacement Reserve Fund established by the Indenture, the amounts described in the Replacement Reserve Agreement. The sums contained in the Replacement Reserve Fund from time to time, shall be maintained, disbursed, and applied as provided in the Replacement Reserve Agreement and pursuant to Section 4.5(d) of the Indenture.

Section 8.02. Deposits to Tax and Insurance Escrow Fund.

(a) On the Closing Date, the Borrower shall pay, or cause to be paid, to the Trustee to be deposited in the Tax and Insurance Escrow Fund, the amount specified in Section 4.1 of the Indenture, if any.

(b) Thereafter, unless otherwise directed by the Controlling Person, two Business Days before each Interest Payment Date, commencing the first Interest Payment Date, and continuing each month thereafter, the Borrower shall pay, or cause to be paid, to the Trustee an amount equal to the Monthly Tax and Insurance Amount for the Project Facilities to be deposited in the Tax and Insurance Escrow Fund.

Section 8.03. Reserved.

Section 8.04. Deposits to Redemption Fund. The Borrower shall pay to the Trustee for deposit into the Redemption Fund pursuant to Section 4.5(a) of the Indenture on the dates set forth in Section 2.01(b), the amounts set forth therein. The Borrower shall also pay to the Trustee for deposit in the Redemption Fund any other amounts required to redeem Bonds pursuant to Section 3.4 of the Indenture, as provided therein.

Section 8.05. Reserved.

Section 8.06. Investment. Funds in the Accounts shall be invested in Permitted Investments upon the written direction of the Borrower with the consent of the Controlling Person, as set forth in Section 4.7 of the Indenture. Earnings on the Accounts hereunder shall be held or disbursed as set forth in Article IV of the Indenture. The Trustee shall have the right to invest or withdraw any deposited funds or to direct the liquidation of any investments held in order to pay the amounts required under this Agreement and the other Bond Documents. The Trustee shall not be liable for any loss sustained as a result of any liquidation of any collateral prior to its maturity. Any income or gain realized on such investments shall be credited to and become part of the applicable Account and reinvested and applied as provided in the Indenture. Provided that no Default or Event of Default exists, the Borrower from time to time may request the Controlling Person to consent to the disbursement to or upon the order of the Borrower of the investment income previously credited to the Accounts, which consent by the Controlling Person shall not be unreasonably withheld or delayed.

Section 8.07. Security Interest in Accounts. The Borrower hereby assigns and pledges to the Issuer, and grants the Issuer a security interest in, as additional collateral security for the Borrower's obligations to the Issuer hereunder (and the Borrower acknowledges and agrees that the Issuer shall have a continuing security interest in) all of the Borrower's right, title and interest, if any, in all Accounts, all cash, cash equivalents, instruments, investments and other securities at any time held in the Accounts, all proceeds of the foregoing, and all of the Borrower's rights associated with such Accounts, if any. The Issuer hereby directs the Trustee to hold all moneys in the Accounts from time to time as assignee of the Issuer.

Section 8.08. Reports. At the sole expense of the Borrower, the Trustee shall make available to the Borrower and the Issuer detailed monthly reports on or before the fifteenth (15th) day of the month following the month to which such report relates showing receipts, disbursements, balances and investments of each Account. Within ten (10) days of a written request of the Borrower to such effect, and at the sole expense of the Borrower, the Trustee shall deliver to the Borrower an accounting of receipts, disbursements and balances in one or more of the Accounts as necessary and appropriate to assist the Borrower in complying with its covenants to calculate and pay any rebate amount or yield reduction payments due and owing to the United

States of America with respect to the Bonds. Such reports and accountings may be provided by access to the Trustee's online portfolio system.

Section 8.09. No Liability of Trustee. In performing any of its duties hereunder, the Trustee shall not incur any liability to anyone for any damages, losses or expenses, except for its willful misconduct; and the Trustee shall not incur any liability with respect to any action taken or omitted in good faith in the performance of its duties and responsibilities under this Agreement.

ARTICLE IX

CONSTRUCTION AND FUNDING OF ADVANCES

Section 9.01. Construction of Project Facilities; Final Completion. The Borrower shall commence performance of the Work in respect of the Improvements no later than thirty (30) days following the Closing Date, and shall achieve Final Completion of such Work in accordance with the Plans and Specifications on or before the Completion Date; provided, however, that at the request of the Borrower and with the prior written approval of the Controlling Person, the Completion Date may be extended one or more times for such periods as the Controlling Person may approve in its sole discretion and upon delivery of such other information and funds as the Controlling Person may require in its sole discretion.

Section 9.02. Making The Advances.

(a) At such time as the Borrower desires to obtain an advance from the Project Fund, an Authorized Person shall complete, execute and deliver a Requisition to the Controlling Person, the Servicer and the Trustee. Each Requisition shall be submitted to the Controlling Person, the Servicer and the Trustee at least fifteen (15) Business Days prior to the date of the requested disbursement, and no more frequently than once each month (excluding the month in which the initial disbursement is requested). The Controlling Person shall endeavor to approve or object to any Requisition within ten (10) Business Days of its submission and the submission of all additional information required in connection with such Requisition and shall endeavor to provide specific information concerning the nature of any objection it may have. Upon receipt of a completed Requisition approved by the Controlling Person, the Trustee shall be authorized to disburse the proceeds related to the subject advance in the amount of the requested disbursement as set forth in (b) below; provided that, (i) in no event, shall a Requisition be approved on or after the 26th day of a month through the last day of each month and (ii) Requisitions shall be funded on the first Business Day on the month immediately succeeding the month in which the subject Requisition was approved.

(b) The Borrower and the Controlling Person hereby direct the Trustee to disburse the proceeds of each Requisition from the Project Fund to the Title Company for further disbursement. The Borrower and the Controlling Person may mutually direct the Trustee in writing to deposit the proceeds of any such Requisition to an account set forth in such direction.

Section 9.03. Payments to Contractors; to Others. At its option during the existence of any Event of Default or Default, the Controlling Person may direct the Trustee in writing to make any or all disbursements from the Project Fund: (a) for costs incurred under any construction

contract directly to a contractor, subcontractor or vendor, (b) through the Title Company, or (c) to any Person to whom the Controlling Person in good faith determines payment is due.

Section 9.04. Requisition. Each Requisition shall be in the form set forth on Exhibit B hereto, shall be signed on behalf of the Borrower by an Authorized Person, shall be subject to approval by the Controlling Person prior to payment and shall state with respect to each disbursement to be made: (a) the number of the Requisition; (b) the amount to be disbursed; (c) that each obligation therein for which such disbursement is being requested has been properly incurred and has not been the basis for any previous disbursement; and (d) that the expenditure of such disbursement, when added to all previous disbursements of proceeds of the Bonds, will result in (i) not less than ninety-five percent (95%) of all disbursements of proceeds of the Tax-Exempt Bonds having been used to pay or reimburse the Borrower for Qualified Project Costs, (ii) not more than two percent (2%) of the proceeds of the Tax-Exempt Bonds having been applied to payments of Costs of Issuance, and (c) less than twenty-five percent (25%) of the proceeds of the Tax-Exempt Bonds having been applied to payments for land.

Section 9.05. Project Costs. The Development Budget reflects the purposes and the amounts for which funds to be disbursed by the Trustee from the Project Fund are to be used. Subject to Sections 9.07 and 9.09(a) hereof, the Controlling Person shall not be required to approve any Requisition requiring disbursement of funds from the Project Fund for any item of Work in an amount exceeding the amount specified for any item in the Development Budget. Subject to Sections 9.07 and 9.09(a) hereof, in no event shall the Controlling Person approve any Requisition in an amount exceeding (a) the total cost (as determined by the Controlling Person) of the labor, materials, fixtures, machinery and equipment completed, approved and incorporated into the Project Facilities prior to the date of such Requisition, less (b) Retainage (if required) less (c) the total amount of any disbursements previously made by the Trustee from the Project Fund for such costs.

Section 9.06. Retainage. The Controlling Person shall approve disbursement of Retainage upon completion of the Work or category of Work by the contractor or subcontractor under the contract for which the Retainage was held. No disbursement of funds from the Project Fund shall be approved unless all Work done at the date the Requisition for such disbursement is submitted is done in a good and workmanlike manner and without defects, as confirmed by the report of the Engineering Consultant, if one has been retained.

Section 9.07. Contingency Reserve. The amount allocated to “contingency” in the Development Budget is not intended to be disbursed without, and will only be disbursed upon, the prior approval of the Controlling Person. The disbursement of a portion of the contingency reserve shall in no way prejudice the Controlling Person from directing the Trustee to withhold disbursement of any further portion of the contingency reserve.

Section 9.08. Stored Materials. The Controlling Person shall approve Requisitions for funds for materials, furnishings, fixtures, machinery or equipment not yet incorporated into the Improvements, provided that any such disbursement shall be subject to and shall be contingent upon the Controlling Person’s receiving a stored materials log, a copy of the relevant bill of sale, detailed receipt and/or invoice describing such materials and photos thereof and evidence of adequate, secure and insured transportation, and satisfactory evidence that:

(a) such materials are components in a form ready for incorporation into the Improvements and shall be so incorporated within a period of ninety (90) days, or such longer period as is approved by the Controlling Person; and

(b) such materials are stored at the Project Facilities, or in a bonded warehouse or at such other site as the Controlling Person shall approve, are insured and protected against theft and damage and independent verification that the materials are for use in connection with the Project and the Trustee's security interest in the Mortgaged Property includes such materials.

Section 9.09. Cost Overruns and Savings.

(a) If the Borrower becomes aware of any change in the costs of the Work as detailed in the schedule of values attached to the Construction Contract, the Borrower shall promptly upon becoming aware of such change submit to the Controlling Person a completed Form AIA G701 with respect to such change. Borrower shall include with the Form AIA G701 backup documentation including, without limitation, the quotes from the Contractor for the proposed changes cost and, if the proposed change requires a change to the Plans and Specifications, a letter from the Architect describing and containing a copy of the Plans and Specifications changed pages and the Architect's agreement with the Work cost changes as presented. Controlling Person's written approval is required if the Change Order reflects an increase in the costs of the Construction Contract by \$150,000 or more per individual change or \$500,000 in the aggregate changes (it being acknowledged that notwithstanding anything contained herein to the contrary that changes below the foregoing amounts shall not require the approval of the Controlling Person, the Trustee or any other person prior to the work being billed and unused contingency may be used by the Borrower with respect to said changes). In all Change Order cases, Controlling Person shall receive copies and be notified of any Change Orders prior to the work being performed. Should there be a proposed increase in the Development Budget, the Borrower shall immediately notify the Controlling Person in writing and promptly submit to the Controlling Person for its approval a revised Development Budget, outlining the changes in Development Budget and proposed sources of funds to pay for the increased amount. If the Controlling Person otherwise becomes aware of any such increase in costs of the Work, the Controlling Person shall have the right to prepare and to authorize disbursements on the basis of a revised Development Budget.

(b) If the revised Development Budget indicates an increase in costs of the Work for the Project Facilities (in excess of the aggregate contingency amount and savings), no further Requisitions for the Work at the Project Facilities need be approved by the Controlling Person unless and until the Borrower has deposited with the Trustee any required funds necessary to cause the amount remaining on deposit in the Project Fund and any Required Equity Funds yet to be deposited with the Trustee to be sufficient to complete fully the construction of the Improvements in accordance with the Plans and Specifications to the extent applicable, and to pay all other Projected costs in connection with the Work.

(c) If the revised schedule indicates a decrease in costs of the Work for the Project Facilities, no savings may be reallocated by the Borrower unless and until the Borrower has furnished the Controlling Person and the Engineering Consultant, if any, with evidence satisfactory to them that the labor performed and materials supplied in connection with such line item of costs

have been satisfactorily completed and paid for in full. At such time, such savings may be reallocated by the Borrower, with the consent of the Controlling Person, to other line items.

(d) The Issuer does not make any warranty, either express or implied, that the moneys paid into the Project Fund and available for payment of the Project Costs will be sufficient to pay all of the Project Costs. The Borrower agrees that if after exhaustion of the moneys in the Project Fund, the Borrower should pay any portion of the Project Costs as required herein, the Borrower shall not be entitled to any reimbursement therefor from the Issuer, nor shall the Borrower be entitled to any diminution of the amounts payable under this Agreement or under the Note.

(e) The Borrower shall pay all of the Controlling Person's reasonable out-of-pocket and third-party costs and expenses incurred in connection with the performance of its rights, obligations and responsibilities under this Article IX.

Section 9.10. Right to Retain the Engineering Consultant.

(a) The Controlling Person shall have the right to retain the Engineering Consultant to perform various services on behalf of the Controlling Person, including, without limitation, to make periodic inspections for the purpose of assuring that construction of the Improvements to date is in accordance with the Plans and Specifications, to advise the Controlling Person of the anticipated cost of and time for completion of construction of the Improvements and to review all construction contracts and subcontracts. In the event that the Controlling Person has not retained an Engineering Consultant, the construction monitor retained by the [Borrower][Investor], which is initially [] (the "**Construction Monitor**"), may, but shall not be required to, perform all actions permitted to be performed by the Engineering Consultant hereunder, and, if such actions are performed by the Construction Monitor, it shall be entitled to payment for such services as described herein.

(b) Subject to Section 9.09(e), the Borrower shall pay no additional fees of the Engineering Consultant in excess of those stipulated in Section 2.02(b) hereof. Furthermore, and notwithstanding anything to the contrary, the Issuer shall have no obligation whatsoever with respect to the payment of any fees of the Engineering Consultant.

(c) Neither the Controlling Person, Majority Owner nor the Engineering Consultant shall have any liability to the Borrower on account of (i) the services performed by the Engineering Consultant, (ii) any neglect or failure on the part of the Engineering Consultant to properly perform its services, or (iii) any approval by the Engineering Consultant of construction of the Improvements. Neither the Controlling Person nor the Engineering Consultant assumes any obligation to the Borrower, the General Partner or any other Person concerning the quality of the Work performed or the absence of defects from the Improvements.

(d) The Borrower agrees to provide the Controlling Person with monthly construction reports prepared by the Construction Monitor within three (3) Business Days of the Borrower's receipt thereof.

Section 9.11. Inspections. The Borrower agrees to provide and cause to be provided to the Controlling Person and its authorized agents, at all times, facilities commonly made available by responsible general contractors for the inspection of the Improvements, and to afford full and

free access to the Controlling Person and its authorized agents to all plans, drawings and records with respect to the construction of the Improvements. The Borrower further agrees to promptly send to the Controlling Person a copy of all construction inspection reports made by the Borrower's Architect or engineer.

Section 9.12. Initial Disbursement. The right of the Borrower to the initial disbursement from the Project Fund on the Closing Date shall be subject to the satisfaction of the following conditions precedent:

- (a) The Borrower shall have delivered the items listed on Schedule 1 attached hereto;
- (b) The Borrower shall have delivered evidence as to the obtaining of all approvals, permits and licenses which are then required, if any, or necessary for the construction of the Improvements at the Project Facilities, together with copies of all such approvals, permits and licenses or evidence that such permits or licenses are not required;
- (c) The Borrower shall have delivered copies of the Borrower's contracts with the Architect and the Contractor, duly executed by the parties thereto, and to the extent applicable, a list of all subcontractors and materialmen who have been or, to the extent identified by the Borrower, will be, supplying labor or materials for the construction of the Project Facilities;
- (d) The Borrower shall have delivered to the Controlling Person two (2) complete sets of the Plans and Specifications, together with evidence of their approval by all Governmental Authorities having jurisdiction;
- (e) True and correct copies of all grading, foundation, building and all other construction permits, licenses and authorizations from all applicable Governmental Authorities or third parties necessary for the construction and/or rehabilitation of the Improvements and the operation of, and access to, the Project;
- (f) *Reserved*;
- (g) The Borrower shall have delivered to the Controlling Person evidence as to:
 - (i) the methods of access to and egress from the Project Facilities, and nearby or adjoining public ways, meeting the reasonable requirements of the Project Facilities and the status of completion of any required improvements to such access;
 - (ii) the availability of water supply and storm and sanitary sewer facilities meeting the reasonable requirements of the Project Facilities;
 - (iii) the availability of all other required utilities, in location and capacity sufficient to meet the reasonable needs of the Project Facilities; and
 - (iv) the obtaining of all Governmental Actions which are required, necessary or desirable for the construction of the Improvements and the access thereto;

(h) The first installment of the Borrower's Required Equity Funds shall have been delivered to the Trustee and the other deposits required under Section 4.1(c) of the Indenture shall have been made; and

(i) The Controlling Person and the Borrower shall have executed a closing statement for the Bonds in form and substance satisfactory to the Controlling Person and, if any portion of the disbursement shall be for hard costs of construction, a completed Requisition as described in Section 9.13(d)(i) hereof and the Engineering Consultant approval described in Section 9.13(d)(iii) hereof, if applicable.

Section 9.13. Subsequent Disbursements. The right of the Borrower to receive any subsequent disbursements from the Project Fund shall be subject to the satisfaction of the following conditions:

(a) The Borrower shall have delivered the items listed on Part B of Schedule 1 attached hereto.

(b) If the Improvements shall have been materially injured or damaged by fire, explosion, accident, flood or other casualty, such Improvements are able to be and are diligently being restored in accordance with the terms of the Mortgage;

(c) There shall not be a continuing Event of Default or a Default;

(d) The Controlling Person shall have received:

(i) a completed Requisition in the form set forth on Exhibit B hereto, accompanied by the certificates, applications, invoices and other materials required thereby, which complete Requisition, as approved by the Controlling Person, shall also be provided to the Trustee;

(ii) an endorsement to the Title Policy indicating no change in the state of title not approved by the Controlling Person;

(iii) if an Engineering Consultant has been retained by the Controlling Person, approval of the portion of the Requisition applicable to the Work for such disbursement by the Engineering Consultant, accompanied by a certificate or report from the Engineering Consultant to the effect that in its opinion, based on site observations and submissions by the Contractor, the Work for which the disbursement is requested to the date thereof was performed in a good and workmanlike manner and stating that the remaining non-disbursed portion of the Bond proceeds and other available funds and funds projected to be deposited in the Project Fund established under the Indenture is adequate to complete construction of the Improvements in accordance with the Plans and Specifications; and

(iv) if no Engineering Consultant has been retained by the Controlling Person, the Controlling Person has received a monthly construction report from the Borrower or the Construction Monitor for the most recent 30-day period.

(e) Notwithstanding anything to the contrary set forth in this Agreement, no sums shall be disbursed until the Borrower has delivered a waiver or full, conditional or partial release of liens from all contractors, subcontractors, materialmen or others who may be entitled to a lien, as permitted by law for the work supplied or materials provided and for which payment is requested, and with respect to all contractors, subcontractors, material men or others entitled to a lien for work done or materials provided and paid from any prior disbursement funded by reliance on conditional lien waivers, on unconditional waiver or release of lien with respect to such work.

(f) The Controlling Person may withhold or refuse to approve any Requisition hereunder if any mechanic's lien is filed or notice of intention to record or file a mechanic's lien has been filed or given.

(g) In addition to the conditions set forth in this Section 9.13, the Controlling Person's obligation to approve any Requisition for Retainage shall be subject to receipt by the Controlling Person of the Engineering Consultant's certification of completion as to the Work performed under any contract or subcontract for which the Retainage will be disbursed.

(h) If the Plans and Specifications provide for construction of the foundations, including expansion or modification of existing foundations, within thirty (30) days after the completion of construction of the foundations of the Improvements, the Borrower shall deliver a survey certified by a registered engineer or surveyor showing that the foundations are located within the perimeter of the Land and any set back lines and at the location shown on the Plans and Specifications together with, if requested by Controlling Person, a foundation endorsement to the Title Policy in for and substance acceptable to the Controlling Person.

(i) All installments of Required Equity Funds then due and payable shall have been deposited with the Trustee;

(j) No Material Change Order shall have been made without the written approval of the Controlling Person.

(k) Within five (5) days after receiving notice from the Controlling Person (or the Engineering Consultant), the Borrower will commence or cause to be commenced the removal of all materials, whether worked or unworked, and all portions of the construction which the Controlling Person (or the Engineering Consultant) may condemn as failing in a substantial way to conform with the Plans and Specifications, and will prosecute diligently or cause to be prosecuted diligently such removal. The Borrower further agrees to make good all portions of the construction and other materials damaged by such removal.

Section 9.14. Construction Information and Verification. From time to time, within ten (10) days after the written request of the Controlling Person, the Borrower shall deliver to the Controlling Person any and all of the following information and documents, to the extent applicable to the construction of the Project Facilities, that the Controlling Person may request, all in forms acceptable to the Controlling Person, as applicable:

(a) Current Plans and Specifications for the Improvements certified by the Architect as being complete and accurate, and a line item cost breakdown for the proposed construction and/or rehabilitation of the Improvements;

(b) A current, complete and correct list showing the name, address, telephone number and license information of each contractor, subcontractor and material supplier engaged in connection with the construction and/or rehabilitation of the Improvements, and the total dollar amount of each contract and subcontract (including any changes) and the scope of work involved, together with the amounts paid through the date of the list and all other information reasonably requested by Controlling Person;

(c) True and correct copies of the most current versions of all executed contracts and subcontracts with each party identified in the list described in clause (b) above, including any changes;

(d) Copies of (i) owner/architect/contractor project meeting minutes; (ii) requests for information (RFI), submittal logs, proposed change orders (PCO), and change order logs; (iii) independent test results, (iv) quality inspection reports; and (v) anticipated cost reports, buy-out logs and Major Contracts;

(e) A construction schedule showing the progress of construction or rehabilitation, as the case may be, and the projected sequencing and completion times for uncompleted Work, all as of the date of the schedule; and

(f) Any update to any item described above which the Borrower may have previously delivered to the Controlling Person.

(g) The Borrower expressly authorizes the Controlling Person to contact Architect, Contractor or any contractor, subcontractor, material supplier, surety or any Governmental Authority to verify any information disclosed in accordance with this Section 9.14. The Controlling Person shall give notice to the Borrower of any such contacts, provided that neither the Controlling Person nor the Trustee shall incur any liability to the Borrower by reason of the failure to give such notice, and the Borrower's obligations under the Bond Documents shall not be affected in any manner by any failure to give such notice. The Construction Contract shall require the Contractor to disclose such information to the Trustee and the Controlling Person. Any defaulting architect, contractor, subcontractor, material supplier or surety shall be promptly replaced, and the Borrower shall promptly deliver all required information and documents to the Controlling Person and the Trustee regarding each replacement architect, contractor, subcontractor, material supplier and surety. The Controlling Person may disapprove any architect, contractor, subcontractor, material supplier, surety or other party whom the Controlling Person in its reasonable judgment may deem financially or otherwise unqualified, however, the absence of any such disapproval shall not constitute a representation of qualification.

Section 9.15. Effect of Approval. Approval of any Requisition by the Controlling Person shall not constitute an approval or acceptance of the Work or materials, nor shall such approval give rise to any liability or responsibility relating to: (i) the quality of the work, the quantity of the work, the rate of progress in completion of the Work, or the sufficiency of materials or labor being supplied in connection therewith; and (ii) any errors, omissions, inconsistencies or other defects of any nature in the Plans and Specifications. Any inspection of the work that the Controlling Person may choose to make, whether through any consulting engineer or architect, agent or employee or officer, during the progress of the work shall be solely for the Controlling Person's

information and under no circumstances will they be deemed to have been made for the purpose of supervising or superintending the Work, or for the information or protection of any right or interest of any person or entity other than the Controlling Person and the Majority Owner.

ARTICLE X

MISCELLANEOUS

Section 10.01. Notices. All notices and other communications provided for hereunder shall be in writing and sent as provided in Section 10.4 of the Indenture.

Section 10.02. Successors and Assigns; Third Party Beneficiaries. This Agreement shall inure to the benefit of and shall be binding upon the parties hereto and their respective successors and assigns, including, without limitation, the Trustee. The Controlling Person and the Majority Owner are express third party beneficiaries of this Agreement and the rights of the Trustee (as assignee of the Issuer) hereunder, with full rights of enforcement thereof. The Borrower may not assign its interests in or its rights, duties or obligations under this Agreement without the prior written consent of the Controlling Person. The Borrower and the Issuer intend that no person other than the parties hereto, the Majority Owner, the Controlling Person, and their respective successors and assigns as permitted hereunder, shall have any claim or interest under this Agreement or right of action hereon or hereunder.

Section 10.03. Survival of Covenants. All covenants made by the Borrower herein and in any document delivered pursuant hereto shall survive the issuance, sale and delivery of the Bonds, the delivery of this Agreement and the payment of any amounts under the Bond Documents.

Section 10.04. Counterparts; Electronic Signature. The execution hereof by each party hereto shall constitute a contract between them for the uses and purposes herein set forth, and this Agreement may be executed in any number of counterparts, with each executed counterpart constituting an original and all counterparts together constituting one agreement. To the fullest extent permitted by applicable law, facsimile or electronically transmitted signatures shall be treated as original signatures for all purposes hereunder.

Section 10.05. Costs, Expenses and Taxes. The Borrower agrees to pay on the Closing Date and thereafter within thirty (30) days after demand, all reasonable costs and expenses of the Issuer, the Trustee, the Controlling Person and the Majority Owner in connection with the preparation, execution, delivery and administration of this Agreement, the other Bond Documents and any other documents that may be delivered in connection with this Agreement or the other Bond Documents or any amendments or supplements thereto, including, without limitation, the fees and expenses of the Engineering Consultant, the cost of an annual appraisal (but only upon the occurrence and during the continuation of an Event of Default) of the Project Facilities by an appraiser selected by the Controlling Person, and the reasonable fees and expenses of counsel for the Majority Owner and the Controlling Person with respect thereto and with respect to advising the Majority Owner and the Controlling Person as to their respective rights and responsibilities under this Agreement, the other Bond Documents and such other documents, and all costs and expenses, if any, (including, without limitation, reasonable counsel fees and expenses of the

Controlling Person and the Majority Owner) in connection with the enforcement of this Agreement, the other Bond Documents and such other documents.

Section 10.06. Severability; Interest Limitation. If any provision hereof is found by a court of competent jurisdiction to be prohibited or unenforceable in any jurisdiction, it shall be ineffective as to such jurisdiction only to the extent of such prohibition or unenforceability, and such prohibition or unenforceability shall not invalidate the balance of such provision as to such jurisdiction to the extent it is not prohibited or unenforceable, nor invalidate such provision in any other jurisdiction, nor invalidate the other provisions hereof, all of which shall be liberally construed in favor of the Issuer in order to effect the provisions of this Agreement. Notwithstanding anything to the contrary herein contained, the total liability of the Borrower for payment of interest pursuant hereto shall not exceed the maximum amount, if any, of such interest permitted by applicable Legal Requirements to be contracted for, charged or received, and if any payments by the Borrower to the Trustee include interest in excess of such a maximum amount, the Trustee shall apply such excess to the reduction of the unpaid principal amount due pursuant hereto, or if none is due, such excess shall be refunded to the Borrower; provided that, to the extent permitted by applicable Legal Requirements, in the event the interest is not collected, is applied to principal or is refunded pursuant to this sentence and interest thereafter payable pursuant hereto shall be less than such maximum amount, then such interest thereafter so payable shall be increased up to such maximum amount to the extent necessary to recover the amount of interest, if any, theretofore uncollected, applied to principal or refunded pursuant to this sentence. Any such application or refund shall not cure or waive any Event of Default. In determining whether or not any interest payable under this Agreement exceeds the highest rate permitted by applicable Legal Requirements, any non-principal payment (except payments specifically stated in this Agreement to be “interest”) shall be deemed, to the extent permitted by applicable Legal Requirements, to be an expense, fee, premium or penalty rather than interest.

Section 10.07. Conflicts. Insofar as possible the provisions of this Agreement shall be deemed complementary to the terms of the other Bond Documents, but in the event of conflict the terms hereof shall control to the extent such are enforceable under applicable Legal Requirements.

Section 10.08. Complete Agreement. Taken together with the other Bond Documents and the other instruments and documents delivered in compliance herewith, this Agreement is a complete memorandum of the agreement of the parties with respect to the subject matter hereof.

Section 10.09. Consent to Jurisdiction; Venue; Waiver of Jury Trial. The parties hereby irrevocably (i) agree that any suit, action or other legal proceeding arising out of or relating to this Agreement or the other Bond Documents may be brought in any federal court located in the State and consents to the jurisdiction of such court in any such suit, action or proceeding, (ii) agree that any suit, action or other legal proceeding relating to the Bond Documents shall be brought solely in a federal or state court located in the State and (iii) waive any objection which it may have to the laying of venue of any such suit, action or proceeding in any such court and any claim that any such suit, action or proceeding has been brought in an inconvenient forum. The parties hereby irrevocably consent to the service of any and all process in any such suit, action or proceeding by mailing of copies of such process to such party at its address provided under or pursuant to Section 10.01 hereof. The parties agree that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any

other manner provided by applicable legal requirements. All mailings under this Section shall be by certified or registered mail, return receipt requested. Nothing in this Section shall affect the right of the Controlling Person and the Majority Owner to serve legal process in any other manner permitted by applicable Legal Requirements. TO THE EXTENT PERMITTED BY STATE LAW, THE PARTIES HERETO HEREBY WAIVE THE RIGHT TO TRIAL BY JURY IN ANY ACTION ARISING UNDER THIS AGREEMENT, ANY OF THE OTHER BOND DOCUMENTS OR OTHERWISE IN CONNECTION HEREWITH.

Section 10.10. Governing Law. This Agreement shall be governed by, and construed in accordance with, the Legal Requirements of the State without reference to its principles of conflicts of law.

Section 10.11. Headings. Section headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose.

Section 10.12. Reserved.

Section 10.13. Nonrecourse.

(a) Notwithstanding anything to the contrary contained in this Agreement (other than Sections 10.13(b) through (e) hereof) or the other Bond Documents, the Issuer agrees that, in connection with the exercise of any rights or remedies available to the Issuer under this Agreement or any of the other Bond Documents (other than the Environmental Indemnity and the other guaranty agreements of the Guarantors), the Issuer shall look solely to the enforcement of the lien and security interests created by this Agreement and the other Bond Documents and to the collateral and other security held by the Trustee.

(b) Notwithstanding the preceding subsection, the Borrower and the Guarantors shall have full recourse and personal liability for, and be subject to, judgments and deficiency decrees arising from and to the extent of any loss or damage suffered or incurred by the Issuer, the Trustee, the Majority Owner, the Controlling Person or the Bondholders as a result of the occurrence of any of the following events:

(i) the Borrower fails to pay to the Trustee upon demand after an Event of Default all Rents to which the Trustee is entitled under Section 2 of the Mortgage and the amount of all security deposits collected by the Borrower from tenants then in residence. However, the Borrower will not be personally liable for any failure described in this Section 10.13(b)(i) if the Borrower is unable to pay to the Trustee all Rents and security deposits as required by the Mortgage because of a valid order issued in a bankruptcy, receivership, or similar judicial proceeding;

(ii) the Borrower fails to apply all insurance proceeds or casualty or condemnation proceeds as required by the Bond Documents. However, the Borrower will not be personally liable for any failure described in this Section 10.13(b)(ii) if the Borrower is unable to apply a Condemnation Award or Insurance Proceeds as required by the Bond Documents because of a valid order issued in a bankruptcy, receivership, or similar judicial proceeding;

(iii) if an Event of Default has occurred and is continuing, the Borrower fails to deliver all books and records relating to the Mortgaged Property or its operation in accordance with the provisions of Section 6.08 or 6.09 of this Agreement;

(iv) the Borrower engages in any willful act of material waste of the Project Facilities;

(v) the Borrower or the General Partner fails to comply with any provision of Section 6.11(b) hereof;

(vi) the occurrence of any of the following transfers (other than Permitted Transfers):

(A) any Person that is not an Affiliate creates a mechanic's lien or other involuntary lien or encumbrance against the Project Facilities and the Borrower has not complied with the provisions of this Agreement.

(B) a transfer of property by devise, descent or operation of law occurs upon the death of a natural person in violation of the requirements set forth in the Bond Documents.

(C) the Borrower grants an easement that does not meet the requirements set forth in the Bond Documents.

(D) The Borrower executes a tenant lease that does not meet the requirements set forth in the Bond Documents;

(vii) any act of fraud or willful misconduct or any criminal act of the Borrower, the General Partner or the Guarantors;

(viii) the Borrower's misappropriation of funds or other Collateral;

(ix) any litigation or other legal proceeding related to the Obligations filed by any of the Borrower, the Guarantors, or any of their Affiliates, or any other action of any such Person that delays, opposes, impedes, hinders, enjoins or otherwise interferes with or frustrates the efforts of the Trustee to exercise any rights and remedies available to the Trustee provided herein or in the other Bond Documents;

(x) any costs, damages or other amounts, including reasonable attorneys' fees incurred by Lender as a result of any failure of Borrower to comply with the terms of the Ground Lease;

(xi) any failure of Borrower to comply with a covenant in Section 32 of the Mortgage (Regulatory Agreement – Representations, Warranties and Covenants);

(xii) any failure of Borrower to comply with Section 35 of the Mortgage (Tax Abatement – Representations, Warranties and Covenants) that results in a Tax Abatement Loss Event (as defined in the Mortgage); or

(xiii) any costs, including reasonable attorney fees, incurred by Lender to cure a Ground Lessee Default (as defined in the Mortgage).

(c) The Borrower and the Guarantors shall have full recourse and personal liability for all of the Indebtedness (and the limitation on liability in the first sentence of Section 10.13(a) hereof shall be null and void) as a result of the occurrence of any of the following:

(i) a violation of Section 6.11(a), 6.12(b) or 6.13(c) hereof;

(ii) the Borrower's taking, or omitting or failing to take, any action which adversely affects the Federal Tax Status of the Tax-Exempt Bonds;

(iii) the Borrower or the General Partner fails to comply with any provision of Section 6.11(b) hereof and a court of competent jurisdiction holds or determines that such failure or combination of failures is the basis, in whole or in part, for the substantive consolidation of the assets and liabilities of the Borrower or the General Partner with the assets and liabilities of a debtor pursuant to Title 11 of the Bankruptcy Code;

(iv) a transfer that is an Event of Default under Section 7.01 hereof occurs (other than a transfer described in Section 10.13(b)(vi) above, for which the Borrower will have personal liability for any loss or damage); provided, however, that the Borrower will not have any personal liability for a transfer consisting solely of the involuntary removal or involuntary withdrawal of the General Partner;

(v) there was fraud or written material misrepresentation by the Borrower or any officer, director, partner, member or employee of the Borrower in connection with the application for or creation of the Indebtedness or there is fraud in connection with any request for any action or consent by the Issuer, the Trustee, the Controlling Person or the Bondholders;

(vi) the Borrower or the General Partner voluntarily files for bankruptcy protection under the Bankruptcy Code;

(vii) the Borrower or the General Partner voluntarily becomes subject to any reorganization, receivership, insolvency proceeding, or other similar proceeding pursuant to any other federal or state law affecting debtor and creditor rights;

(viii) the Project Facilities or any part of the Project Facilities becomes an asset in a voluntary bankruptcy or becomes subject to any voluntary reorganization, receivership, insolvency proceeding, or other similar voluntary proceeding pursuant to any other federal or state law affecting debtor and creditor rights;

(ix) an order of relief is entered against the Borrower or the General Partner pursuant to the Bankruptcy Code or other federal or state law affecting debtor and creditor rights in any involuntary bankruptcy proceeding initiated or joined in by a Related Party;
or

(x) an involuntary bankruptcy or other involuntary insolvency proceeding is commenced against the Borrower or the General Partner (by a party other than the Trustee or the owner of any Bonds) but only if the Borrower or the General Partner, as applicable, has failed to use commercially reasonable efforts to dismiss such proceeding or has consented to such proceeding. “Commercially reasonable efforts” will not require any direct or indirect interest holders in the Borrower or the General Partner to contribute or cause the contribution of additional capital to the Borrower or the General Partner.

(d) The Borrower and, to the extent provided in the applicable Guaranties, the Guarantors shall have full recourse and personal liability for all of the following:

(i) the performance of and compliance with all of the Borrower’s obligations under Sections 5.12 and 6.14 of this Agreement (relating to environmental matters) or the Borrower’s failure to comply with the provisions of the Environmental Indemnity;

(ii) the costs of any audit under Section 6.08 of this Agreement;

(iii) any costs and expenses incurred by the Issuer, the Trustee, the Controlling Person and the Majority Owner in connection with the collection of any amount for which the Borrower is personally liable under this Section 10.13, including attorneys’ fees and costs and the costs of conducting any independent audit of the Borrower’s books and records to determine the amount for which the Borrower has personal liability; and

(iv) the Borrower’s indemnity obligations pursuant to Section 2.05 hereof or as set forth in any other Bond Documents and to pay the Trustee Fees.

(e) Further, nothing contained in this Section shall be deemed to limit, vary, modify or amend any obligation owed under any guaranty, master lease or indemnification agreement, including the Environmental Indemnity and the other guaranty agreements of the Guarantors, furnished in connection with financing of the acquisition, construction and equipping of the Project Facilities, recourse under which is not, by its terms, expressly limited in accordance with this Section 10.13.

(f) Notwithstanding anything to the contrary, the Issuer, the Trustee, the Controlling Person and the Holders shall not be deemed to have waived any right such Persons may have under Section 506(a), 506(b), 1111(b) or any other provisions of the Bankruptcy Code to file a claim for the full amount of the Borrower’s and the Guarantors’ Obligations under the Bond Documents or to require that all collateral shall continue to secure all Obligations under the Bond Documents.

Section 10.14. Publicity. The Borrower hereby authorizes the Controlling Person or the Majority Owner and their respective affiliates, without further notice or consent, to use the Borrower’s and its affiliates’ name(s), logo(s) and photographs related to the Project Facilities in its advertising, marketing and communications materials on a national and/or international basis. Such materials may include web pages, print ads, direct mail and various types of brochures or marketing sheets, and various media formats other than those listed (including without limitation video or audio presentations through any media form). In these materials, the Controlling Person or the Majority Owner also may discuss at a high level the types of services and solutions the Controlling Person or the Majority Owner has provided the Borrower. This

authorization shall remain in effect unless the Borrower notifies the Controlling Person in writing in accordance with the notice provisions set forth herein that such authorization is revoked. The Controlling Person or the Majority Owner shall also have the right to publicize its involvement in the financing of the Project Facilities, including the right to maintain a sign indicating such involvement at a location at the Project Facilities reasonably acceptable to the Borrower and the Controlling Person.

Section 10.15. Determinations by the Majority Owner and Controlling Person. Subject to specific provisions in this Agreement to the contrary, in any instance under this Agreement where the consent or approval of the Controlling Person or the Majority Owner may be given or is required, or where any determination, judgment or decision is to be rendered by the Controlling Person or the Majority Owner under this Agreement, the granting, withholding or denial of such consent or approval and the rendering of such determination, judgment or decision shall be made or exercised by the Controlling Person or the Majority Owner (or its designated representative) at its sole and absolute discretion. The Trustee may, and shall at the written direction of the Holders of all Outstanding Bonds, by separate instrument delegate, assign, transfer and set over unto the Controlling Person any or all of the rights, remedies, duties and obligations of the Trustee under this Agreement and the other Bond Documents, in which event the Controlling Person shall have each of the rights, remedies, duties and obligations delegated to it as if specifically named herein and in the other Bond Documents, as applicable, and shall be entitled to act in its own name, but if necessary in the name and stead of the Trustee, to enforce each of the remedies provided to the Trustee hereunder or under the other Bond Documents.

Section 10.16. Further Assurances. The Borrower will promptly and duly execute, acknowledge and deliver from time to time such further instruments and take such further actions as may be reasonably required by the Issuer, the Trustee or the Controlling Person to carry out the purposes and provisions of this Agreement and to the other Bond Documents, to make elections or take actions (or, as requested, to refrain from making elections or taking actions) related to the audit procedures involving the Borrower and/or its members set forth in the Bipartisan Budget Act of 2015 so that the Borrower's members, equity holders and shareholders will be directly responsible for any audit adjustments, changes or modifications rather than the Borrower, to confirm the priority and/or perfection of any lien, pledge, assignment or security interest created or intended to be created by this Agreement and the other Bond Documents and to assure the Controlling Person and the Majority Owner of the subrogation and security rights in favor of the Trustee for the benefit of the Holders of the Bonds contemplated by this Agreement, by the other Bond Documents in connection with any of the foregoing and such approvals shall be in form satisfactory to the Controlling Person.

Section 10.17. Patriot Act. To help the government fight the funding of terrorism and money laundering activities, federal law requires all financial institutions to obtain, verify and record information that identifies each person who opens an account. For a non-individual person such as a business entity, a charity, a trust or other legal entity, the Trustee will request documentation to verify its formation and existence as a legal entity. Furthermore, if required by the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act (USA PATRIOT ACT) of 2001, as the same may be amended from time to time, and corresponding provisions of future laws (the "**Patriot Act**"), the Trustee may request financial statements, licenses, identification and authorization documents from individuals

claiming authority to represent the entity or other relevant documentation. The Borrower covenants and agrees to provide documentation as reasonably requested or required by the Trustee to enable the Trustee to comply with the requirements of the Patriot Act.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have caused this Loan Agreement to be executed by their authorized representatives as of the date of execution thereof.

**TEXAS DEPARTMENT OF HOUSING AND
COMMUNITY AFFAIRS, as Issuer**

By: _____

Name: James B. "Beau" Eccles

Title: Secretary to Board

LDG THE RIDGE AT LOOP 12, LP, a Texas limited partnership

By: DHFC The Ridge at Loop 12 GP, LLC, a Texas limited liability company, its general partner

By: City of Dallas Housing Finance Corporation, a Texas public, nonprofit housing finance corporation, its sole member

By: _____
Name: Aaron Eaquinto
Title: General Manager

EXHIBIT A-1

FORM OF SERIES A-1 PROMISSORY NOTE

AFTER THE ENDORSEMENT AS HEREON PROVIDED AND PLEDGE OF THIS NOTE, THIS NOTE MAY NOT BE ASSIGNED, PLEDGED, ENDORSED OR OTHERWISE TRANSFERRED EXCEPT TO AN ASSIGNEE OR SUCCESSOR OF THE TRUSTEE IN ACCORDANCE WITH THE INDENTURE, BOTH REFERRED TO HEREIN.

\$_[_____]

[CLOSING DATE]

FOR VALUE RECEIVED, LDG The Ridge at Loop 12, LP, a limited partnership duly formed and validly existing under the laws of the State of Texas (the “**Borrower**”), by this promissory note hereby promises to pay to the order of the Texas Department of Housing and Community Affairs (the “**Issuer**”) the principal sum of [_____] DOLLARS (\$[_____]), together with interest on the Outstanding principal amount hereof, from the Closing Date (as defined in the Indenture referenced below) until paid in full, at a rate per annum equal to the applicable rate of interest borne by the 2025A-1 Bonds (as hereinafter defined), and acceleration premium, if any, on the 2025A-1 Bonds. All such payments of principal, interest and acceleration premium, if any, shall be made in funds which shall be immediately available on the due date of such payments and in lawful money of the United States of America at the designated corporate trust office of BOKF, NA (the “**Trustee**”), or its successor as trustee under the below-defined Indenture.

The principal amount and interest shall be payable on the dates and in the amounts that principal and redemption price of, and interest on the 2025A-1 Bonds, and the acceleration premium, if any, are payable, subject to prepayment as provided in the Indenture and the Agreement.

This promissory note is the “Series A-1 Promissory Note” referred to in the Loan Agreement, dated as of [March 1], 2025 (as the same may be amended, modified or supplemented from time to time, the “**Agreement**”) between the Borrower and the Issuer, the terms, conditions and provisions of which are hereby incorporated by reference. Capitalized terms not otherwise defined herein shall have the meanings set forth in the Agreement and the Indenture (as hereafter defined).

This Note and the payments required to be made hereunder are irrevocably assigned, without recourse, representation or warranty, and pledged to the Trustee under the Indenture of Trust, dated as of [March 1], 2025 (as the same may be amended, modified or supplemented from time to time, the “**Indenture**”), by and between the Issuer and the Trustee, and such payments will be made directly to the Trustee for the account of the Issuer pursuant to such assignment. Such assignment is made as security for the payment of the Issuer’s \$[_____] Multifamily Housing Revenue Bonds (The Ridge at Loop 12) Series 2025A-1 (the “**2025A- 1 Bonds**”), issued by the Issuer pursuant to the Indenture. All the terms, conditions and provisions of the Indenture and the 2025A-1 Bonds are hereby incorporated as a part of this Note.

The obligations of the Borrower to pay any and all amounts due on this Note is a non-recourse obligation as provided in Section 10.13 of the Agreement.

Under certain circumstances, the Borrower may at its option and may be required to, prepay all or any part of the amount due on this Note, together with accrued interest thereon, as provided in the Agreement.

Presentation, demand, protest, notice of dishonor, notice of acceleration, notice of intent to demand or accelerate payment or maturity presentment for payment, notice of nonpayment, and grace and diligence in collecting amounts owed hereunder, are hereby expressly waived by the Borrower and all endorsers and Guarantors of this Note.

The Borrower hereby promises to pay reasonable costs of collection and reasonable attorneys' fees in case of default on this Note, together with interest thereon at the Default Rate if applicable.

This Note shall be governed by, and construed in accordance with, the laws of State of Texas, without regard to conflict of laws principles.

LDG THE RIDGE AT LOOP 12, LP, a Texas limited partnership

By: DHFC The Ridge at Loop 12 GP, LLC, a Texas limited liability company, its general partner

By: City of Dallas Housing Finance Corporation, a Texas public, nonprofit housing finance corporation, its sole member

By: _____
Name: Aaron Eaquinto
Title: General Manager

ENDORSEMENT

Pay to the order of BOKF, NA, without recourse, as Trustee under the Indenture referred to in the within mentioned Agreement, as security for such 2025A-1 Bonds issued under such Indenture. This endorsement is given without any warranty as to the authority or genuineness of the signature of the maker of the Note.

**TEXAS DEPARTMENT OF HOUSING AND
COMMUNITY AFFAIRS, as Issuer**

By: _____

Name: James B. "Beau" Eccles

Title: Secretary to Board

Dated: _____, 20__

EXHIBIT A-2

FORM OF SERIES A-2 PROMISSORY NOTE

AFTER THE ENDORSEMENT AS HEREON PROVIDED AND PLEDGE OF THIS NOTE, THIS NOTE MAY NOT BE ASSIGNED, PLEDGED, ENDORSED OR OTHERWISE TRANSFERRED EXCEPT TO AN ASSIGNEE OR SUCCESSOR OF THE TRUSTEE IN ACCORDANCE WITH THE INDENTURE, BOTH REFERRED TO HEREIN.

\$_[_____]

[CLOSING DATE]

FOR VALUE RECEIVED, LDG The Ridge at Loop 12, LP, a limited partnership duly formed and validly existing under the laws of the State of Texas (the “**Borrower**”), by this promissory note hereby promises to pay to the order of the Texas Department of Housing and Community Affairs (the “**Issuer**”) the principal sum of [_____] DOLLARS (\$[_____]), together with interest on the Outstanding principal amount hereof, from the Closing Date (as defined in the Indenture referenced below) until paid in full, at a rate per annum equal to the applicable rate of interest borne by the 2025A-2 Bonds (as hereinafter defined), and acceleration premium, if any, on the 2025A-2 Bonds. All such payments of principal, interest and acceleration premium, if any, shall be made in funds which shall be immediately available on the due date of such payments and in lawful money of the United States of America at the designated corporate trust office of BOKF, NA (the “**Trustee**”), or its successor as trustee under the below-defined Indenture.

The principal amount and interest shall be payable on the dates and in the amounts that principal and redemption price of, and interest on the 2025A-2 Bonds, and the acceleration premium, if any, are payable, subject to prepayment as provided in the Indenture and the Agreement.

This promissory note is the “Series A-2 Promissory Note” referred to in the Loan Agreement, dated as of [March 1], 2025 (as the same may be amended, modified or supplemented from time to time, the “**Agreement**”) between the Borrower and the Issuer, the terms, conditions and provisions of which are hereby incorporated by reference. Capitalized terms not otherwise defined herein shall have the meanings set forth in the Agreement and the Indenture (as hereafter defined).

This Note and the payments required to be made hereunder are irrevocably assigned, without recourse, representation or warranty, and pledged to the Trustee under the Indenture of Trust, dated as of [March 1], 2025 (as the same may be amended, modified or supplemented from time to time, the “**Indenture**”), by and between the Issuer and the Trustee, and such payments will be made directly to the Trustee for the account of the Issuer pursuant to such assignment. Such assignment is made as security for the payment of the Issuer’s \$[_____] Multifamily Housing Revenue Bonds (The Ridge at Loop 12) Series 2025A-2 (the “**2025A- 2 Bonds**”), issued by the Issuer pursuant to the Indenture. All the terms, conditions and provisions of the Indenture and the 2025A-2 Bonds are hereby incorporated as a part of this Note.

The obligations of the Borrower to pay any and all amounts due on this Note is a non-recourse obligation as provided in Section 10.13 of the Agreement.

Under certain circumstances, the Borrower may at its option and may be required to, prepay all or any part of the amount due on this Note, together with accrued interest thereon, as provided in the Agreement.

Presentation, demand, protest, notice of dishonor, notice of acceleration, notice of intent to demand or accelerate payment or maturity presentment for payment, notice of nonpayment, and grace and diligence in collecting amounts owed hereunder, are hereby expressly waived by the Borrower and all endorsers and Guarantors of this Note.

The Borrower hereby promises to pay reasonable costs of collection and reasonable attorneys' fees in case of default on this Note, together with interest thereon at the Default Rate if applicable.

This Note shall be governed by, and construed in accordance with, the laws of State of Texas, without regard to conflict of laws principles.

LDG THE RIDGE AT LOOP 12, LP, a Texas limited partnership

By: DHFC The Ridge at Loop 12 GP, LLC, a Texas limited liability company, its general partner

By: City of Dallas Housing Finance Corporation, a Texas public, nonprofit housing finance corporation, its sole member

By: _____
Name: Aaron Eaquinto
Title: General Manager

ENDORSEMENT

Pay to the order of BOKF, NA, without recourse, as Trustee under the Indenture referred to in the within mentioned Agreement, as security for such 2025A-2 Bonds issued under such Indenture. This endorsement is given without any warranty as to the authority or genuineness of the signature of the maker of the Note.

**TEXAS DEPARTMENT OF HOUSING AND
COMMUNITY AFFAIRS, as Issuer**

By: _____

Name: James B. "Beau" Eccles

Title: Secretary to Board

Dated: _____, 20__

EXHIBIT A-3

FORM OF SERIES B PROMISSORY NOTE

AFTER THE ENDORSEMENT AS HEREON PROVIDED AND PLEDGE OF THIS NOTE, THIS NOTE MAY NOT BE ASSIGNED, PLEDGED, ENDORSED OR OTHERWISE TRANSFERRED EXCEPT TO AN ASSIGNEE OR SUCCESSOR OF THE TRUSTEE IN ACCORDANCE WITH THE INDENTURE, BOTH REFERRED TO HEREIN.

\$[_____]

[CLOSING DATE]

FOR VALUE RECEIVED, LDG The Ridge at Loop 12, LP, a limited partnership duly formed and validly existing under the laws of the State of Texas (the “**Borrower**”), by this promissory note hereby promises to pay to the order of the Texas Department of Housing and Community Affairs (the “**Issuer**”) the principal sum of [_____] DOLLARS (\$[_____]), together with interest on the Outstanding principal amount hereof, from the Closing Date (as defined in the Indenture referenced below) until paid in full, at a rate per annum equal to the applicable rate of interest borne by the 2025B Bonds (as hereinafter defined), and acceleration premium, if any, on the 2025B Bonds. All such payments of principal, interest and acceleration premium, if any, shall be made in funds which shall be immediately available on the due date of such payments and in lawful money of the United States of America at the designated corporate trust office of BOKF, NA (the “**Trustee**”), or its successor as trustee under the below-defined Indenture.

The principal amount and interest shall be payable on the dates and in the amounts that principal and redemption price of, and interest on the 2025B Bonds, and the acceleration premium, if any, are payable, subject to prepayment as provided in the Indenture and the Agreement.

This promissory note is the “Series A-2 Promissory Note” referred to in the Loan Agreement, dated as of [March 1], 2025 (as the same may be amended, modified or supplemented from time to time, the “**Agreement**”) between the Borrower and the Issuer, the terms, conditions and provisions of which are hereby incorporated by reference. Capitalized terms not otherwise defined herein shall have the meanings set forth in the Agreement and the Indenture (as hereafter defined).

This Note and the payments required to be made hereunder are irrevocably assigned, without recourse, representation or warranty, and pledged to the Trustee under the Indenture of Trust, dated as of [March 1], 2025 (as the same may be amended, modified or supplemented from time to time, the “**Indenture**”), by and between the Issuer and the Trustee, and such payments will be made directly to the Trustee for the account of the Issuer pursuant to such assignment. Such assignment is made as security for the payment of the Issuer’s \$[_____] Multifamily Housing Revenue Bonds (The Ridge at Loop 12) Taxable Series 2025B (the “**2025B Bonds**”), issued by the Issuer pursuant to the Indenture. All the terms, conditions and provisions of the Indenture and the 2025B Bonds are hereby incorporated as a part of this Note.

The obligations of the Borrower to pay any and all amounts due on this Note is a non-recourse obligation as provided in Section 10.13 of the Agreement.

Under certain circumstances, the Borrower may at its option and may be required to, prepay all or any part of the amount due on this Note, together with accrued interest thereon, as provided in the Agreement.

Presentation, demand, protest, notice of dishonor, notice of acceleration, notice of intent to demand or accelerate payment or maturity presentment for payment, notice of nonpayment, and grace and diligence in collecting amounts owed hereunder, are hereby expressly waived by the Borrower and all endorsers and Guarantors of this Note.

The Borrower hereby promises to pay reasonable costs of collection and reasonable attorneys' fees in case of default on this Note, together with interest thereon at the Default Rate if applicable.

This Note shall be governed by, and construed in accordance with, the laws of State of Texas, without regard to conflict of laws principles.

LDG THE RIDGE AT LOOP 12, LP, a Texas limited partnership

By: DHFC The Ridge at Loop 12 GP, LLC, a Texas limited liability company, its general partner

By: City of Dallas Housing Finance Corporation, a Texas public, nonprofit housing finance corporation, its sole member

By: _____
Name: Aaron Eaquinto
Title: General Manager

ENDORSEMENT

Pay to the order of BOKF, NA, without recourse, as Trustee under the Indenture referred to in the within mentioned Agreement, as security for such 2025B Bonds issued under such Indenture. This endorsement is given without any warranty as to the authority or genuineness of the signature of the maker of the Note.

**TEXAS DEPARTMENT OF HOUSING AND
COMMUNITY AFFAIRS, as Issuer**

By: _____
Name: James B. "Beau" Eccles
Title: Secretary to Board

Dated: _____, 20__

EXHIBIT B

**FORM OF WRITTEN REQUISITION
OF THE BORROWER**

BORROWER: LDG The Ridge at Loop 12, LP

PROJECT: The Ridge at Loop 12

REQUISITION NO.: _____

In the Amount of \$ _____ to be funded with the proceeds of the Bonds and
\$ _____ to be funded with deposits in the Equity Account:

TO: BOKF, NA
5956 Sherry Lane, Suite 900
Dallas TX 75225
Attention: Kathy McQuiston

[NewPoint Real Estate Investment Management LLC
1 Battery Park Place, Suite 600
New York, NY 10004
Attention: Robert Wrzosek – NewPoint REIM]

[NewPoint Real Estate Capital LLC
5800 Tennyson Parkway, Suite 200
Plano, TX 75024
Attention: Servicing Department]

**This Requisition shall be funded on the first Business Day on the month immediately
succeeding the month in which this Requisition is approved.**

The Borrower hereby requests payments in the following amounts, from the following
sources and to be made to the following parties, all as set forth on the Borrower's Request
for Payment attached to this Requisition:

<u>Amount</u>	<u>Source</u>	<u>Payable to:</u>
\$_[_____]	[identify name of Account & Fund]	[Borrower's account #] [third party payment/wire instructions must be attached]
\$_[_____]	[identify name of Account & Fund]	[Borrower's account #] [third party payment/wire instructions must be attached]

\$[_____]

[identify name of Account & Fund]

[Borrower's account #]
[third party payment/wire instructions must be attached]

Requisition - Contents and Attachments

- Borrower's Request for Payment
- Borrower's Representations and Warranties
- Updated Loan Balancing (Sources and Uses) & Monthly Requisition Spreadsheet
- Contractor's Application and Certification for Payment (AIA Form G-702 & G-703)
- Architect, Contractor, Owner Change Order (Executed AIA G-701(s) added to G-702)
- Pending Change Order and Change Order Log (dated)
- Vendor Payee List or equivalent
- Requisitions and Invoices Supporting Application
- Reserved
- Reserved
- Lien Waivers, Conditional for the current Hard cost pay request
- Lien Waivers, Unconditional for payment thru the prior period pay request
- Stored Materials Log and documentation (e.g., insurance, bill of sale, invoices, photos) as Applicable
- Current Project Schedule
- Other Documents as Requested by the Trustee or Controlling Person

Representations and Warranties

1. No changes have been made in the Plans and Specifications which require and have not received the prior approval of (i) the Controlling Person under the terms of the Loan Agreement dated as of [March 1], 2025 (the “**Agreement**”), (ii) any Governmental Authority having jurisdiction over the Project Facilities or (iii) any other parties from whom such approval is required.
2. Construction of the Improvements has been performed in accordance with the Plans and Specifications (other than any changes that did not constitute Material Change Orders).
3. As of the date hereof, the Borrower has executed change orders (increasing/decreasing) the cost of construction of the Improvements by \$[_____] in the aggregate, has notified the Engineering Consultant, if any, of such changes and, to the extent necessary, has received any and all necessary approvals from the Controlling Person.
4. Funding of this Requisition shall be in accordance with the terms and provisions of the (i) Agreement, and (ii) the Indenture of Trust dated as of [March 1], 2025, with respect to the Bonds.
5. All money requisitioned by the Borrower for construction of the Improvements and disbursed by the Trustee under previously approved Requisitions have been paid to the Contractor and, to the Borrower’s best knowledge, all subcontractors, vendors and suppliers; all other funds requisitioned by the Borrower and disbursed by the Trustee under previously approved requisitions have been expended for the purpose for which they were requisitioned.
6. All of the information submitted to the Controlling Person and the Trustee in connection with this Requisition is true and accurate in all material respects as of the date of submission.
7. The representations and warranties set forth in the Bond Documents are true and correct in all material respects as of the date hereof with the same effect as if made on this date, except [_____].
8. The Borrower represents and warrants that (i) there has occurred no Event of Default or event which, with the passage of time or the giving or notice or both, would constitute an Event of Default on the part of the Borrower or the Guarantors under the terms of the Bond Documents, (ii) except as previously disclosed by the Borrower to the Controlling Person, the Borrower has not received notice from or been informed by any Governmental Authority or the Engineering Consultant of any alleged deficiencies in the work performed to date or any deviation of such work from Plans and Specifications or notice of any assertion of a claim that the Improvements have not been constructed in accordance with all applicable Legal Requirements, (iii) with the exception of any Permitted Liens and those being contested by the Borrower in accordance with the terms of the Bond Documents, there are no liens against any portion of the Project Facilities or any other asset of the Borrower, and (iv) the Bond Documents are in full force and effect.

9. The Borrower represents and warrants that this Requisition is in the form of requisition required by the Agreement.
10. The Borrower represents and warrants that, following payment of the amounts requested under this Requisition, (a) not less than 95% of amounts paid from proceeds of the Tax-Exempt Bonds have been applied to the payment of Qualified Project Costs, (b) not more than 2% of amounts paid from proceeds of the Tax-Exempt Bonds have been applied to payments for Costs of Issuance, and (c) less than 25% of amounts paid from proceeds of the Tax-Exempt Bonds have been applied to payments for land.
11. Attached hereto are copies of lien waivers from all such contractors, subcontractors and materialmen requisitioning payment under this Requisition, the originals of which have been delivered to the Title Company.
12. All capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto under the Agreement, and the Tax Exemption Agreement.

Executed _____, 20__.

[Signature on following page]

LDG THE RIDGE AT LOOP 12, LP, a Texas
limited partnership

By: _____
Name: _____
Title: _____

Approved:

**[NEWPOINT REAL ESTATE INVESTMENT
MANAGEMENT LLC]**

By: _____
Name: _____
Title: _____

*[Signature Page To Form Of Written Requisition
Of The Borrower]*

Contractor's Application for Payment

Requisitions and Invoices

Borrower's Request for Payment

[attach spreadsheets in form provided by Controlling Person]

Lien Waivers

EXHIBIT C

MOLD/MILDEW ADDENDUM

This Mold and Mildew Addendum (the “**Addendum**”) dated _____, 20__ is attached to and made a part of the lease dated _____, 20__ (the “**Lease**”) by and between LDG The Ridge at Loop 12, LP (“**Lessor**”) and _____ (“**Resident**”) for unit number _____ (the “**Unit**”) in The Ridge at Loop 12.

Resident acknowledges that it is necessary for Resident to provide appropriate climate control, keep the Unit clean, and take other measures to retard and prevent mold and mildew from accumulating in the Unit. Resident agrees to clean and dust the Unit on a regular basis and to remove visible moisture accumulation on windows, walls and other surfaces as soon as reasonably possible. Resident agrees not to block or cover any of the heating, ventilation or air- conditioning ducts in the Unit. Resident also agrees to immediately report to the management office: (i) any evidence of a water leak or excessive moisture in the Unit, as well as in any storage room, garage or other common area; (ii) any evidence of mold- or mildew-like growth that cannot be removed by simply applying a common household cleaner and wiping the area; (iii) any failure or malfunction in the heating, ventilation or air conditioning system in the Unit; and (iv) any inoperable doors or windows. Resident further agrees that Resident shall be responsible for damage to the Unit and Resident’s property as well as personal injury to Resident and Occupants resulting from Resident’s failure to comply with the terms of this Addendum.

A default under the terms of this Addendum shall be deemed a material default under the terms of the Lease, and Lessor shall be entitled to exercise all rights and remedies at law or in equity. Except as specifically stated herein, all other terms and conditions of the Lease shall remain unchanged. In the event of any conflict between the terms of this Addendum and the terms of the Lease, the terms of this Addendum shall control. Any term that is capitalized but not defined in this Addendum that is capitalized and defined in the Lease shall have the same meaning for purposes of this Addendum as it has for purposes of the Lease.

Resident or Residents:
(all Residents must sign here)

Lessor:

Resident’s Signature

LDG The Ridge at Loop 12, LP

Resident’s Name

By: _____
Authorized Representative:

Resident’s Unit No.

Resident’s Signature

Resident’s Name

Resident’s Unit No.

EXHIBIT D

ACCELERATION PREMIUM

The Acceleration Premium will be computed as follows:

- (i) For any acceleration payment made prior to the First Optional Redemption Date, the “**Acceleration Premium**” will be whichever is the greater of subsections (A) and (B) below:
 - (A) 1.0% of the principal being accelerated; or
 - (B) the product obtained by multiplying:
 - (1) the principal being accelerated,
by
 - (2) the excess (if any) of the monthly weighted average of the Bond Interest Rate on the Bonds then Outstanding over the Assumed Reinvestment Rate,
by
 - (3) the Present Value Factor.

For purposes of determining the Acceleration Premium above, the following definitions will apply:

Monthly Note Rate: 1/12 of the weighted average of the Bond Interest Rate on the Bonds then Outstanding, expressed as a decimal calculated to 5 digits.

Acceleration Payment Date: the date of the application by Trustee or Controlling Person of collateral or security to a portion of the principal balance of the Note.

Assumed Reinvestment Rate: 1/12 of the yield rate expressed as a decimal to 2 digits, as of the close of the trading session that is 5 Business Days before the Acceleration Payment Date, found among the Daily Treasury Yield Curve Rates, commonly known as Constant Maturity Treasury (“CMT”) rates, with a maturity closest to the First Optional Redemption Date, as reported on the U. S. Department of the Treasury website. If no published CMT maturity matches the First Optional Redemption Date, Controlling Person will interpolate as a decimal to 2 digits the yield rate between (a) the CMT with a maturity closest to, but sooner than, the First Optional Redemption Date, and (b) the CMT with a maturity closest to, but after, the First Optional Redemption Date, as follows:

$$\left[\left(\frac{B-A}{D-C} \right) \times (E-C) \right] + A$$

A = yield rate for the CMT with a maturity sooner than the First Optional Redemption Date

B = yield rate for the CMT with a maturity after than the First Optional Redemption Date

C = number of months to maturity for the CMT maturity sooner than the First Optional Redemption Date

D = number of months to maturity for the CMT maturity after the First Optional Redemption Date

E = number of months remaining to the First Optional Redemption Date

If the U.S. Department of the Treasury ceases publication of the CMT rates, the Assumed Reinvestment Rate will equal the yield rate on the first U.S. Treasury security that is not callable or indexed to inflation and that matures after the First Optional Redemption Date.

The Assumed Reinvestment Rate may be a positive number, a negative number or zero.

If the Assumed Reinvestment Rate is a positive number or a negative number, Controlling Person will calculate the Acceleration Premium using such positive number or negative number, as appropriate, as the Assumed Reinvestment Rate in Section (B)(2) above and in the calculation of the Present Value Factor.

If the Assumed Reinvestment Rate is zero, Controlling Person will calculate the Acceleration Premium twice as set forth in (I) and (II) below and will average the results to determine the actual Acceleration Premium.

(I) Controlling Person will calculate the Acceleration Premium using an Assumed Reinvestment Rate of one basis point (+0.01%) in Section (B)(2) above and in the calculation of the Present Value Factor.

(II) Controlling Person will calculate the Acceleration Premium using an Assumed Reinvestment Rate of negative one basis point (-0.01%) in Section (B)(2) above and in the calculation of the Present Value Factor.

Present Value Factor: the factor that discounts to present value the costs resulting to Controlling Person from the difference in interest rates during the months remaining to the First Optional Redemption Date, using the Assumed Reinvestment Rate as the discount rate, with monthly compounding, expressed numerically as follows:

$$\frac{I - \left(\frac{I}{I + ARR} \right)^n}{ARR}$$

n = the number of months remaining to the First Optional Redemption Date; provided, however, if an acceleration payment occurs on an Interest Payment

Date, then the number of months remaining to the First Optional Redemption Date will be calculated beginning with the month in which such acceleration payment occurs and if such acceleration payment occurs on a Business Day other than an Interest Payment Date, then the number of months remaining to the First Optional Redemption Date will be calculated beginning with the month immediately following the date of such acceleration payment.

ARR = Assumed Reinvestment Rate

- (ii) For any acceleration payment made after the First Optional Redemption Date, the “**Acceleration Premium**” will be 0.0% of the amount of principal being accelerated.

EXHIBIT E
DEVELOPMENT BUDGET

[to come]

SCHEDULE 1

CONDITIONS TO DISBURSEMENTS FROM PROJECT FUND

A. **CONDITIONS TO INITIAL DISBURSEMENT.** The right of the Borrower to the initial disbursement shall be subject to the fulfillment of the following conditions precedent in a manner, and by documentation, satisfactory to the Controlling Person:

1. **Construction Documents.** Each of the Architect's Agreement and the Construction Contract shall have been duly executed and delivered by the respective parties thereto and shall be in full force and effect. The Architect and the Contractor shall have duly executed and delivered to the Controlling Person a consent to the assignment of the Architect's Contract, the Engineer's Agreement and the Construction Contract in form and substance satisfactory to the Controlling Person.

2. **Validity of Liens.** The Mortgage, the Assignment of Project Documents, and the Developer Fee Pledge shall be effective to create in the Trustee a legal, valid and enforceable lien and security interest in the collateral identified therein. All filings, recordings, deliveries of preserve such liens and security interests shall have been duly effected.

3. **Deliveries.** The following items or documents shall have been delivered to the Controlling Person by the Borrower and shall be in form and substance satisfactory to the Controlling Person.

(a) *Plans and Specifications.* Two complete sets of the Plans and Specifications and approval thereof by any necessary Governmental Authority, with a certification from the Architect that the Improvements to be constructed comply with all Legal Requirements and Governmental Actions and that the Construction Contract satisfactorily provides for the construction of the Improvements.

(b) *Title Policy.* The Title Policy, or a pro forma policy that constitutes a commitment to issue the Title Policy in the form of such pro forma policy, together accurate copies of all documents listed as exceptions under such policy.

(c) *Other Insurance.* Duplicate originals or certified copies of all policies of insurance required hereunder to be obtained and maintained during the construction of the Improvements.

(d) *Evidence of Sufficiency of Funds.* Evidence that the proceeds of the Bonds, together with Required Equity Funds delivered to the Trustee on the Closing Date or to be delivered after the Closing Date, will be sufficient to cover all Project Costs reasonably anticipated to be incurred to complete the Improvements prior to the Completion Date and to carry the Project Facilities through to Stabilization.

4. Evidence of Access, Availability of Utilities, Project Approvals. Evidence as to:

(a) the methods of access to and egress from the Project Facilities, and nearby or adjoining public ways, meeting the reasonable requirements of the Project Facilities and the status of completion of any required improvements to such access;

(b) the availability of water supply and storm and sanitary sewer facilities meeting the reasonable requirements of the Project Facilities;

(c) the availability of all other required utilities, in location and capacity sufficient to meet the reasonable needs of the Project Facilities; and

(d) the obtaining of all Project approvals which are required, necessary or desirable for the construction of the Improvements and the access thereto, together with copies of all such Governmental Actions.

5. Environmental Report. An environmental site assessment report or reports of one or more qualified environmental engineering or similar inspection firms approved by the Controlling Person, which report or reports shall indicate a condition of the Land and any existing improvements thereon in compliance with all Requirements and in all respects satisfactory to the Controlling Person in its sole discretion and upon which report or reports the Controlling Person, the Trustee and the initial Majority Owner shall be expressly entitled to rely.

6. Soils Report. A soils report for the Project Facilities prepared by a soils engineer approved by the Controlling Person, which report shall indicate that based upon actual surface and subsurface examination of the Project Facilities, the soils conditions are fully satisfactory for the proposed construction and operation of the Improvements and upon which report or reports the Controlling Person, the Trustee and the initial Majority Owner shall be expressly entitled to rely. A termite or other insect infestation report prepared by a firm approved by the Controlling Person, which report shall indicate that based upon actual inspection of the Project Facilities either (i) that no termite or other insect infestation at the Project Facilities, or (ii) that termite or insect infestation is present and recommended steps for extermination and remediation of the conditions at the Project Facilities, and upon which report or reports the Controlling Person, the Trustee and the initial Majority Owner shall be expressly entitled to rely.

7. Survey and Taxes. A Survey of the Land (and any existing improvements thereon) and Surveyor's Certificate, and evidence of payment of all real estate taxes and municipal charges on the Land (and any existing improvements thereon) which were due and payable prior to the Closing Date.

8. Deposit of Funds. A portion of the initial installment of Required Equity Funds shall have been delivered to the Trustee and deposited in the Equity Account of the Project Fund.

9. Requisition. A Requisition complying with the provisions of this Agreement and the Indenture or a Closing Memorandum or settlement statement signed by the Borrower.

10. Form Lease. The standard form of lease to be used by the Borrower in connection with the Improvements.

11. Engineering Consultant Report. If applicable, the Controlling Person shall have received a report or written confirmation from the Engineering Consultant that (i) the Engineering Consultant has reviewed the Plans and Specifications, (ii) the Plans and Specifications have been received and approved by each Governmental Authority to which the Plans and Specifications are required under applicable Legal Requirements to be submitted, (iii) the Construction Contract satisfactorily provides for the construction of the Improvements, and (iv) in the opinion of the Engineering Consultant, construction of the Improvements can be completed on or before the Completion Date for an amount not greater than the amount allocated for such purpose in the Development Budget.

12. Searches. The Controlling Person shall have received searches from a recognized search firm (which shall be updated from time to time at Borrower's expense upon request by the Controlling Person) that searches of the public record disclosed (a) no conditional sales contracts, security agreements, chattel deeds of trust, leases of personalty, financing statements or title retention agreements which affect the collateral, (b) no bankruptcy filings on the part of any of the Borrower, the Managing Member, the Corporation and the Guarantors (collectively, the "**Obligors**"), and (c) no litigation with respect to the Project Facilities or any of the Obligors that would materially adversely affect the obligations of the Obligors hereunder.

13. Mechanics' Liens. In the event that for any reason the initial disbursement is not funded on the Closing Date, the Controlling Person may withhold or refuse to approve the initial disbursement if any mechanic's lien or notice of intention to record or file a mechanic's lien has been filed or given.

14. Payment and Performance Bonds. Payment and Performance Bonds shall be required for a Contractor in the full amount of the Construction Contract. The Borrower shall cause to be delivered a dual-obligee payment and performance bonds issued by a surety company or companies authorized to do business in the State and acceptable to the Controlling Person, and in form and content reasonably acceptable to the Controlling Person, in an amount not less than the full contract price of the Construction Contract; together with a dual obligee and modification rider naming the Trustee and in the form and substance acceptable to the Controlling Person which shall be attached thereto.

15. Notices. All notices required by any Governmental Authority under applicable Legal Requirements to be filed prior to commencement of construction of the Improvements shall have been filed.

16. Appraisal. The Controlling Person shall have received an Appraisal, in form and substance satisfactory to the Controlling Person.

17. Performance; No Default. The Borrower shall have performed and complied with all terms and conditions herein required to be performed or complied with by it on or prior to the date of the initial disbursement, and on the date of the initial disbursement there shall exist no Event of Default.

18. Representations and Warranties. The representations and warranties made by the Obligors in the Bond Documents, the Developer Fee Pledge or the documents executed by the Guarantors or otherwise made by or on behalf of the Obligors in connection therewith or after the date thereof shall have been true and correct in all respects when made and shall be true and correct in all respects on the date of the initial disbursement.

19. Proceedings and Documents. All proceedings in connection with the transactions contemplated by this Agreement and the other Bond Documents shall be satisfactory to the Controlling Person and their counsel in form and substance, and the Controlling Person shall have received all information and such counterpart originals or certified copies of such documents and such other certificates, opinions or documents as they or their counsel may reasonably require.

B. CONDITIONS TO SUBSEQUENT DISBURSEMENTS. The right of the Borrower to draw each disbursement of funds after the initial disbursement on the Closing Date shall be subject to the following conditions precedent in a manner, and by documentation, satisfactory to the Controlling Person:

1. Prior Conditions Satisfied. All conditions precedent to any prior disbursement shall continue to be satisfied as of the date of the Requisition of such subsequent disbursement.

2. Performance; No Default. The Borrower shall have performed and complied with all terms and conditions herein required to be performed or complied with by it on or prior to the date of such Requisition, and on such date, there shall exist no Default or Event of Default.

3. Representations and Warranties. Each of the representations and warranties made by the Borrower in the Bond Documents or otherwise made by or on behalf of the Borrower in connection therewith after the date thereof shall have been true and correct in all respects on the date on when made and shall also be true and correct in all material respects on the Borrower on the date of such Requisition (except to the extent of changes resulting from transactions contemplated or permitted by the Bond Documents).

4. No Unrepaired Damage. If the Improvements shall have been materially injured or damaged by fire, explosion, accident, flood or other casualty, such Improvements are able to be and are diligently being restored in accordance with the terms of the Mortgage.

5. Receipt by Controlling Person. The Controlling Person shall have received:

(a) *Requisition.* A Requisition in meeting the requirements of this Agreement and the Indenture;

(b) *Endorsement to Title Policy.* At the time of each disbursement to update the date of and increase the amount of coverage by the amount of such disbursement, such endorsements (a “**Down Date Endorsement**”) shall be delivered by the Title Company, increasing the coverage under the Title Policy by the amount of the approved Requisition plus the amount of any Bond proceeds disbursed from the Capitalized Interest Account of the Project Fund;

6. Foundation Survey; Current Survey. If the Plans and Specifications provide for construction of the foundations, including expansion or modification of existing foundations, within thirty (30) days after completion of construction of the foundations of the Improvements, a survey certified by a registered engineer or surveyor showing that the foundations are located within the perimeter of the Land and any set back lines and at the location shown on the Plans and Specifications, and from time to time. An updated Survey if required by the Title Company or the Controlling Person;

7. Approval by Engineering Consultant. If applicable, approval of the Requisition for such disbursement by the Engineering Consultant, accompanied by a certificate or report from the Engineering Consultant to the effect that in its opinion, based on site observations and submissions by the Contractor, the construction of the Improvements to the date thereof was performed in a good and workmanlike manner and in accordance with the Plans and Specifications, stating the estimated total cost of construction of the Improvements, stating the percentage of in-place construction of the Improvements, and stating that the remaining non-disbursed portion of the Project Fund and Required Equity Funds allocated for such purpose in the Development Budget is adequate to complete the construction of the Improvements;

8. Contracts. Evidence that one hundred percent (100%) of the cost of the remaining Work is covered by firm fixed price or guaranteed maximum price contracts or subcontracts, or orders for the supplying of materials, with contractors, subcontractors, materialmen or suppliers satisfactory to the Controlling Person.

9. Mechanics’ Liens. The Controlling Person may withhold or refuse to fund any disbursement hereunder if any mechanic’s lien has been filed or recorded and not bonded over or otherwise collateralized to the satisfaction of the Controlling Person, or if notice of intention to record or file any such lien has been received.

10. Required Equity Funds. All installments of Required Equity Funds which shall be then due and payable shall have been delivered to the Trustee and deposited in the Equity Account of the Project Fund.

11. Release of Retainage. If applicable, in addition to the conditions set forth in this Section, the Controlling Person's obligation to approve any Requisition for Retainage shall be subject to receipt by the Controlling Person of the Engineering Consultant's certification of completion as to the Work performed under any contract or subcontract for which the Retainage will be disbursed.

[End of Schedule 1]

SCHEDULE 2

FORM OF FINAL COMPLETION CERTIFICATE

Date: _____, _____

BOKF, NA
5956 Sherry Lane, Suite 900
Dallas TX 75225
Attention: Kathy McQuiston

Texas Department of Housing and Community Affairs
P.O. Box 13941
Austin, TX 78711
Attention: Director of Multifamily Bonds

[NewPoint Real Estate Investment Management LLC
1 Battery Park Place, Suite 600
New York, NY 10004
Attention: Robert Wrzosek – NewPoint REIM]

[NewPoint Real Estate Capital LLC
5800 Tennyson Parkway, Suite 200
Plano, TX 75024
Attention: Servicing Department]

Re: The Ridge at Loop 12 (the “**Project Facilities**”)

Ladies and Gentlemen:

The undersigned, being the owner of the Project Facilities, hereby certifies to BOKF, NA, as trustee (the “**Trustee**”), and [NewPoint Real Estate Investment Management LLC], as controlling person, acting on behalf of the Majority Owner of the Bonds issued in connection with the Project Facilities (the “**Controlling Person**”), that “Final Completion” of the Project Facilities (as defined in the Indenture of Trust dated as of [March 1], 2025 (the “**Indenture**”), by and between the Trustee and the Texas Department of Housing and Community Affairs (the “**Issuer**”)) has been attained as of the date hereof and all conditions relating thereto as set forth in the Loan Agreement dated as of [March 1], 2025, between the undersigned and the Issuer (the “**Loan Agreement**”) have been satisfied. Capitalized terms used herein and not defined shall have the meanings ascribed thereto in the Indenture or the Loan Agreement.

The undersigned hereby represents and warrants that:

Attached hereto is an original, executed Architect’s certificate in the form attached hereto as Exhibit A as required by clause (iv) of the definition of “Final Completion” contained in the Indenture.

Attached hereto are true, complete and correct copies of all use and occupancy permits issued in connection with the Project Facilities (the “**Permits**”) as referenced in clause (ii) of the definition of “Final Completion” contained in the Indenture. The Permits are all of the permits, licenses or approvals required for the occupancy of the Project Facilities as a multifamily residential facility. No appeal, action or proceeding challenging any of the Permits has been filed; there is no pending claim, litigation or governmental proceeding challenging the Permits.

Attached hereto is a complete schedule of all Punchlist Items referenced in clause (ii) of the definition of “Final Completion” contained in the Indenture. This schedule of Punchlist Items meets the requirements and limitations set forth in the Loan Agreement for Punchlist Items. The undersigned will promptly complete all Punchlist Items.

Attached are lien waivers required by clause (vii) of the definition of “Final Completion” contained in the Indenture.

Attached hereto is an update to the Title Policy insuring the Mortgage in favor of the Trustee, subject only to Permitted Encumbrances, as required by clause (viii) of the definition of “Final Completion” contained in the Indenture.

Attached hereto is evidence of completion of the Environmental Completion Conditions.

Attached hereto is evidence of insurance meeting the requirements of Section 6.04 of the Loan Agreement.

Attached hereto is evidence of payment of all Impositions which are due and payable.

Attached hereto is an as-built ALTA/NSPS Survey, certified to the Trustee and the Controlling Person.

[Signatures Begin on Following Page]

LDG THE RIDGE AT LOOP 12, LP, a Texas
limited partnership

By: _____
Authorized Representative

[Signature Page to Form of Final Completion Certificate]

Schedule of Attachments to Completion Certificate

- Architect's Completion Certificate
- Occupancy Permits
- Schedule of Punchlist Items
- Lien Waivers
- Endorsement to Title Policy
- Insurance Certificates
- Evidence of Payment of Impositions
- Evidence of Satisfaction of Environmental Completion Conditions

EXHIBIT A

Form of Architect's Certificate

ARCHITECT'S COMPLETION CERTIFICATE

Date: _____, _____

The undersigned, an architect duly licensed and registered in the [_____] has prepared final working plans and detailed specifications (the "**Plans and Specifications**") for LDG The Ridge at Loop 12, LP (the "**Borrower**") in connection with the construction of improvements on certain real property located at or near 1100 N. Walton Walker Blvd, Dallas, Dallas County, Texas 75211, such improvements or project being known as The Ridge at Loop 12 (the "**Improvements**").

The undersigned hereby certifies to BOKF, NA, and [NewPoint Real Estate Investment Management LLC] that, to the best of our knowledge, information and belief: (i) all of the Improvements and the Property have been completed in accordance with the Plans and Specifications, (ii) a [temporary] certificate of occupancy has been issued for the Project, provided however that there is no work remaining to be done that would impair or delay the permanent occupancy of the Project or any portion thereof and issuance of a permanent certificate of occupancy with respect to the Project, and other permits required for the continued use and occupancy of the Improvements have been issued with respect thereto by the governmental agencies having jurisdiction thereof, and (iii) the Improvements have been constructed in compliance with the Plans and Specifications and are in compliance with the requirements and restrictions of the governmental authorities having jurisdiction, including applicable zoning, building, environmental, fire, and health ordinances, rules and regulations, including without limitation, the Americans with Disabilities Act, the Rehabilitation Act of 1973 and the design and construction requirements of the Fair Housing Act.

[Signature Begins on Following Page]

[ARCHITECT'S SIGNATURE BLOCK]

[Signature Page to Architect's Completion Certificate]

SCHEDULE 3

FORM OF USE OF PROCEEDS COMPLIANCE CERTIFICATE

Date: _____, _____

BOKF, NA
5956 Sherry Lane, Suite 900
Dallas TX 75225
Attention: Kathy McQuiston

Texas Department of Housing and Community Affairs
P.O. Box 13941
Austin, TX 78711
Attention: Director of Multifamily Bonds

[NewPoint Real Estate Investment Management LLC
1 Battery Park Place, Suite 600
New York, NY 10004
Attention: Robert Wrzosek – NewPoint REIM]

[NewPoint Real Estate Capital LLC
5800 Tennyson Parkway, Suite 200
Plano, TX 75024
Attention: Servicing Department]

Re: The Ridge at Loop 12 (the “**Project Facilities**”)

Ladies and Gentlemen:

The undersigned, being the owner of the Project Facilities hereby certifies to BOKF, NA as trustee (the “**Trustee**”), and NewPoint Real Estate Investment Management LLC, as controlling person, acting on behalf of the Majority Owner of the bonds issued in connection with the Project Facilities (the “**Controlling Person**”), that ninety-five percent (95%) or more of the Net Proceeds of the Bonds has been or will be spent for Qualified Project Costs of the Project Facilities as required by Section 145 of the Internal Revenue Code.

Attached hereto is a schedule of expenditures evidencing compliance with the foregoing and showing all costs of the Project Facilities, the amounts expended, for each category of cost, the source of funds therefor, and a calculation of the percentage of the net proceeds of the Bonds expended. Capitalized terms used herein and not defined shall have the meanings ascribed to such terms in the Indenture of Trust dated as of [March 1], 2025, between the Trustee and the Texas Department of Housing and Community Affairs.

WITNESS WHEREOF, the undersigned has duly executed this Use of Proceeds Compliance Certificate as of the day and year first above written.

LDG THE RIDGE AT LOOP 12, LP, a Texas limited partnership

By: _____
Authorized Representative

Schedule of Attachments to Use of Proceeds Compliance Certificate

Evidence of Use of Proceeds

SCHEDULE 4

FORM OF STABILIZATION CERTIFICATE

Date: _____, _____

BOKF, NA
5956 Sherry Lane, Suite 900
Dallas TX 75225
Attention: Kathy McQuiston

Texas Department of Housing and Community Affairs
P.O. Box 13941
Austin, TX 78711
Attention: Director of Multifamily Bonds

[NewPoint Real Estate Investment Management LLC
1 Battery Park Place, Suite 600
New York, NY 10004
Attention: Robert Wrzosek – NewPoint REIM]

[NewPoint Real Estate Capital LLC
5800 Tennyson Parkway, Suite 200
Plano, TX 75024
Attention: Servicing Department]

Re: The Ridge at Loop 12 (the “**Project Facilities**”)

Ladies and Gentlemen:

The undersigned, being the owner of the Project Facilities, hereby certifies to BOKF, NA, as trustee (the “**Trustee**”) and [NewPoint Real Estate Investment Management LLC], as controlling person, acting on behalf of the Majority Owner of the Bonds issued in connection with the Project Facilities (the “**Controlling Person**”) that the date of Final Completion was _____, 202__ and:

The undersigned hereby represents and warrants that:

The Improvements have been ___% occupied by credit-worthy qualified tenants meeting the requirements of the Bond Documents in each of the prior three (3) consecutive months.

The ratio of Stabilized NOI in each of the prior three (3) consecutive months to maximum principal and interest payable in any month, other than the month in which the Maturity Date occurs, on the Loan amount on the Stabilization Date is 1.15 to 1.0.

No Event of Default or event which, with the passage of time or the giving of notice or both, would constitute an Event of Default shall have occurred and be continuing under the Bond Documents, the Developer Fee Pledge or the Guarantor Documents.

The Borrower has at all times been and is currently in compliance with all requirements set forth in the Tax Exemption Agreement and the Regulatory Agreement.

There have been no disbursements from [insert names of any required reserves] which have not been replenished.

[The Bonds shall have been redeemed in the amount required to achieve Stabilization as required under Section 3.4(a)(ii) of the Indenture].

Stabilization [has/has not] occurred.

Attached hereto is [] showing the calculation of Stabilization.

Attached hereto is the Use of Proceeds Compliance Certificate required under Section 6.09 of the Loan Agreement.

Attached hereto is the Favorable Opinion of Bond Counsel required to be delivered in connection with the Bond Amortization Schedule pursuant to Section 3.4(b)(iii) of the Indenture.

Capitalized terms used herein and not defined shall have the meanings ascribed thereto in the Indenture of Trust dated as of [March 1], 2025, between the Trustee and the Texas Department of Housing and Community Affairs.

[Signature Begins on Following Page]

LDG THE RIDGE AT LOOP 12, LP, a Texas
limited partnership

By: _____
Authorized Representative

[Signature Page to Form of Stabilization Certificate]

Stabilization Spreadsheet

(Attached)

REGULATORY AND LAND USE RESTRICTION AGREEMENT

Among

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS,
as Issuer,

BOKF, NA,
a national banking association,
as Trustee,

DHFC THE RIDGE AT LOOP 12 LANDOWNER, LLC,
a Texas limited liability company,
as Fee Owner

and

LDG THE RIDGE AT LOOP 12, LP,
a Texas limited partnership,
as Borrower

Dated as of [March 1], 2025

Relating to

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

\$_[]
Multifamily Housing Revenue Bonds
(The Ridge at Loop 12)
Series 2025A-1

\$_[]
Multifamily Housing Revenue Bonds
(The Ridge at Loop 12)
Series 2025A-2

\$_[]
Multifamily Housing Revenue Bonds
(The Ridge at Loop 12)
Taxable Series 2025B

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REGULATORY AND LAND USE RESTRICTION AGREEMENT

THIS REGULATORY AND LAND USE RESTRICTION AGREEMENT (as amended, modified or supplemented from time to time, this “Agreement” or this “Regulatory Agreement”) dated as of [March 1], 2025, is among the **TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS** (together with its successors and assigns, the “Issuer” or “Department”), a public and official agency of the State of Texas (the “State”), **BOKF, NA**, a national banking association organized and existing under the laws of the United States of America, as Trustee under the hereinafter defined Indenture (together with any successor Trustee under the Indenture described below and their respective successors and assigns, the “Trustee”), the **DHFC THE RIDGE AT LOOP 12 LANDOWNER, LLC**, a Texas limited liability company (together with its permitted successors and assigns, the “Fee Owner”) and **LDG THE RIDGE AT LOOP 12, LP**, a Texas limited partnership (together with its permitted successors and assigns, the “Borrower”).

RECITALS

WHEREAS, pursuant to the Act (as hereinafter defined), the Issuer is authorized to issue the Bonds (as hereinafter defined) and to use the proceeds thereof to provide monies to aid in financing the acquisition, construction and equipping of residential rental property for dwelling units in the State; and

WHEREAS, the Borrower has requested the assistance of the Issuer in connection with the financing of a multifamily residential rental housing development located on the real property described in Exhibit A hereto (as defined herein, the “Development Site”) and described in Exhibit B-1 hereto (as defined herein, the “Development Facilities” and, together with the Development Site, the “Development”), and, as a condition to such assistance, the Borrower has agreed to enter into this Regulatory Agreement, setting forth certain restrictions with respect to the Development; and

WHEREAS, the Fee Owner owns fee simple title to the real property described in Exhibit A hereto and the Borrower owns a leasehold estate pursuant to the Ground Lease (as hereinafter defined), and the Fee Owner has agreed to enter into this Regulatory Agreement as the Fee Owner and will receive significant benefits under the Ground Lease; and

WHEREAS, the Issuer has determined to provide funds in connection with the financing of the Development by issuing its Multifamily Housing Revenue Bonds (The Ridge at Loop 12) Series 2025A-1 and Series 2025A-2 (collectively, the “Tax-Exempt Bonds”) and Multifamily Housing Revenue Bonds (The Ridge at Loop 12) Taxable Series 2025B (the “Taxable Bonds,” and together with the Tax-Exempt Bonds, the “Bonds”) in the aggregate principal amount of \$[_____], and loaning the proceeds of such Bonds to the Borrower, upon the terms and conditions set forth in the Loan Agreement (as hereinafter defined); and

WHEREAS, in order for interest on the Tax-Exempt Bonds to be excludable from gross income for federal income tax purposes under the Code (as defined herein), and in order to comply with the Act, the use and operation of the Development must be restricted in certain respects; and

WHEREAS, the Issuer, the Trustee, the Fee Owner and the Borrower have determined to enter into this Regulatory Agreement in order to set forth certain terms and conditions relating to the acquisition, construction, equipping, use and operation of the Development and in order to ensure that the Development will be acquired, constructed, equipped, used and operated in accordance with the Code and the Act.

NOW, THEREFORE, in consideration of the premises and the mutual representations, covenants and undertakings set forth herein, and other good and valuable consideration, the receipt and sufficiency of

which are hereby acknowledged, the Issuer, the Trustee, the Fee Owner and the Borrower hereby agree as follows:

Section 1. Definitions and Interpretation. In addition to terms defined above, capitalized terms have the respective meanings assigned to them in this Section 1 or as elsewhere defined in this Regulatory Agreement, in the Indenture, in the Loan Agreement or in the Tax Exemption Agreement (each as defined herein), unless the context in which they are used clearly requires otherwise:

“**Act**” means Chapter 2306, Texas Government Code, as amended from time to time.

“**Agreement**” or “**Regulatory Agreement**” means this Regulatory and Land Use Restriction Agreement, as it may be amended, modified, supplemented or restated from time to time.

“**Annual Income**” means the anticipated annual income of a person (together with the anticipated annual income of all persons that intend to reside with such person in one Unit) calculated pursuant to Section 8 of the Housing Act, as required by section 142(d) of the Code.

“**Available Unit**” means a Unit (except for any Unit reserved for a resident manager, security personnel or maintenance personnel that is reasonably required for the Development) that has been leased at least once after becoming available for occupancy; provided that (a) a residential unit that is unoccupied on the later of (i) the date the Development is acquired by the Borrower or (ii) the Closing Date is not an “Available Unit” and does not become an “Available Unit” until it has been leased for the first time after such date, and (b) a residential unit that is not available for occupancy due to renovations is not an “Available Unit” and does not become an “Available Unit” until it has been leased for the first time after the renovations are completed.

“**Bond Counsel**” means any counsel nationally recognized as having an expertise in connection with the excludability of interest on obligations of states and local governmental units from gross income for federal income tax purposes and that is appointed by the Issuer, and initially means Bracewell LLP.

“**Class B Limited Partner**” means [LDG The Ridge at Loop 12 SLP, LLC, a Texas limited liability company], and its successors and assigns.

“**Closing Date**” means the date upon which the Bonds are issued and delivered in exchange for the proceeds representing the purchase price of the Bonds paid by the original purchasers thereof.

“**Code**” means the Internal Revenue Code of 1986, as amended, and, with respect to a specific section thereof, such reference shall be deemed to include (a) the Regulations promulgated under such section, (b) any successor provision of similar import hereafter enacted, (c) any corresponding provision of any subsequent and successor Internal Revenue Code and (d) the regulations promulgated under the provisions described in (b) and (c).

“**Compliance Monitoring Rules**” means the rules published by the Issuer in Title 10, Part 1, Chapter 10, Subchapter F of the Texas Administrative Code.

“**Development**” means the Development Facilities and the Development Site.

“**Development Amenities**” means the amenities for which the Development was awarded points by the Issuer, pursuant to Section 2306.359 of the Texas Government Code, during the Private Activity Bond Program application scoring process, as more fully set forth in Exhibit B-2 hereto.

“Development Facilities” means the multifamily housing structures and related buildings and other improvements to be constructed on the Development Site by the Borrower as more fully set forth in Exhibit B-1 hereto, and all fixtures and other property owned by the Borrower and located on, or used in connection with, such buildings, structures and other improvements constituting the Development.

“Development Site” means the parcel or parcels of real property described in Exhibit A, which is attached hereto and by this reference incorporated herein, and all rights and appurtenances appertaining thereunto.

“Eligible Tenants” means (a) individuals and families of low, very low and extremely low income, (b) families of moderate income (in each case in the foregoing clauses (a) and (b) as such terms are defined by the Issuer under the Act), and (c) Persons with Special Needs, in each case, with an Annual Income not in excess of 140% of the area median income; provided that all Low-Income Tenants are Eligible Tenants.

“Equity Investor” means Wincopin Circle LLLP, a Maryland limited liability limited partnership,, and its successors or assigns.

“Favorable Opinion of Bond Counsel” means, with respect to any action, or omission of an action, the taking or omission of which requires such an opinion, an unqualified written opinion of Bond Counsel to the effect that such action or omission does not adversely affect the Federal Tax Status of the Tax-Exempt Bonds under existing law (subject to the inclusion of any customary exceptions acceptable to the recipient thereof).

“Federal Tax Status” means, as to the Tax-Exempt Bonds, the status under existing law of the interest on the Tax-Exempt Bonds as excludable from gross income for federal income tax purposes (subject to any exceptions contained in the opinion of Bond Counsel delivered upon the original issuance of the Tax-Exempt Bonds).

“Fee Owner” has the meaning given to such term in the first paragraph of this Regulatory Agreement.

“General Partner” means DHFC The Ridge at Loop 12 GP, LLC, a Texas limited liability company, and its successors or assigns.

“Ground Lease” means that certain Ground Lease dated to be effective as of [the Closing Date], between the Fee Owner, as landlord, and the Borrower, as tenant.

“Housing Act” means the United States Housing Act of 1937, as amended, or a successor thereto.

“HUD” means the United States Department of Housing and Urban Development or its successors.

“Indenture” means the Indenture of Trust of even date herewith between the Issuer and the Trustee, relating to the issuance of the Bonds, as it may be amended, modified, supplemented or restated from time to time, and any indenture supplemental thereto.

“Loan” means the loan of the proceeds of the Bonds made by the Issuer to the Borrower pursuant to the Loan Agreement, and as evidenced by the Borrower Note.

“Loan Agreement” means the Loan Agreement of even date herewith between the Issuer and the Borrower, as it may be amended, modified, supplemented or restated from time to time to the extent permitted by the Indenture.

“Loan Documents” means the Security Instrument, the Borrower Note, the Loan Agreement, this Regulatory Agreement, the Tax Exemption Agreement, and any and all other instruments and other documents evidencing, securing, or otherwise relating to the Loan.

“Low-Income Tenant” means a tenant whose Annual Income is 60% or less of the Multifamily Tax Subsidy Program Income Limit, as determined under sections 142(d)(2)(B) and (E) of the Code and in accordance with this Regulatory Agreement. If all the occupants of a Unit are students (as defined for the purposes of section 152(f)(2) of the Code) no one of whom is entitled to file a joint return under section 6013 of the Code, such occupants will not qualify as Low-Income Tenants unless such students meet the qualifications under section 42(i)(3)(D) of the Code.

“Low-Income Unit” means a Unit that is included as a Unit satisfying the requirements of the Set Aside.

“Multifamily Tax Subsidy Program Income Limit” (or successor term) means the income limits provided by HUD pursuant to section 142(d) of the Code.

“Note” has the meaning set forth in the Indenture.

“Organizational Documents” means the First Amended and Restated Agreement of Limited Partnership of the Borrower dated [the Closing Date], as the foregoing may be amended, modified, supplemented or restated from time to time.

“Persons with Special Needs” means persons who (a) are considered to be individuals having a disability under State or federal law, (b) are elderly, meaning 62 years of age or more or of an age specified by the applicable federal program, (c) are designated by the governing board of the Issuer as experiencing a unique need for decent, safe housing that is not being met adequately by private enterprise, or (d) are legally responsible for caring for an individual described by clauses (a), (b) or (c) above and meet the income guidelines established by the governing board of the Issuer.

“Qualified Project Period” means, with respect to the Development, the period beginning on the first day on which 10 percent of the Units are occupied and ending on the latest of (a) the date that is 15 years after the date on which 50 percent of the Units are occupied, (b) the first day on which no tax-exempt private activity bond (as that phrase is used in section 142(d)(2) of the Code) issued with respect to the Development is outstanding for federal income tax purposes, or (c) the date on which any assistance provided with respect to the Development under Section 8 of the Housing Act terminates.

“Regulations” means the applicable proposed, temporary or final Treasury Regulations promulgated under the Code or, to the extent applicable to the Code, under the Internal Revenue Code of 1954, as such regulations may be amended or supplemented from time to time.

“Related Person” has the meaning set forth in section 144(a)(3) of the Code. A person is a “Related Person” to another person if the relationship between such persons would result in a disallowance of losses under sections 267 or 707(b) of the Code or such persons are members of the same controlled group of corporations (as defined in section 1563(a) of the Code, except that “more than 50 percent” is substituted for “at least 80 percent” each place it appears therein).

“Replacement Reserve” means the account required to be established by the Replacement Reserve Agreement.

“Replacement Reserve Agreement” has the meaning given to such term in the Indenture.

“Security Instrument” means the Multifamily Leasehold Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing from the Borrower, as the grantor, in favor of Issuer, as the beneficiary, and assigned to the Trustee, as the same may be supplemented, amended or modified.

“Set Aside” means the requirement that at least 40% of the Available Units be occupied or held vacant for occupancy at all times by Low-Income Tenants.

“State Conversion Date” means the date of the first amortization payment on the Note.

“State Reserve Period” means, with respect to the Development, the period beginning on the State Conversion Date and ending on the earliest of the following dates: (a) the date of any involuntary change in ownership of the Development; (b) the date on which the Borrower suffers a total casualty loss with respect to the Development or the date on which the Development becomes functionally obsolete, if the Development cannot be or is not restored; (c) the date on which the Development is demolished; (d) the date on which the Development ceases to be used as multifamily rental property; or (e) the end of the State Restrictive Period.

“State Restrictive Period” means, with respect to the Development, the period beginning on the first day on which the Borrower takes legal possession of the Development and ending on the latest of (a) the date that is 30 years after the first day of the State Restrictive Period, (b) the first date on which no tax-exempt private activity bond issued with respect to the Development is outstanding for federal income tax purposes, and (c) the date on which any assistance provided with respect to the Development from the federal government terminates.

“Tax Exemption Agreement” means the Tax Exemption Certificate and Agreement of even date herewith among the Issuer, the Trustee and the Borrower, as in effect on the Closing Date and as it may thereafter be amended, modified, supplemented or restated, from time to time, in accordance with its terms.

“Tenant Income Certification” means a certification form available on the Issuer’s website at the time of submission used to certify income and other matters executed by the household members of each Unit in the Development.

“Unit” means a residential accommodation containing separate and complete facilities for living, sleeping, eating, cooking and sanitation located within the Development; provided that, a unit will not fail to be treated as a Unit merely because it is a single-room occupancy unit (within the meaning of section 42 of the Code).

“Unit Status Report” means the certified residential rental housing program compliance report with respect to the Development to be filed by the Borrower with the Issuer electronically through the filing system available on the Issuer’s website in the form available on the Issuer’s website at the time of submission of the report or in such other form as the Issuer may reasonably prescribe in writing to the Borrower pursuant to Section 4(e) hereof.

Unless the context clearly requires otherwise, as used in this Regulatory Agreement, words of the masculine, feminine or neuter gender include each other gender, and words of the singular number include the plural number, and vice versa. This Regulatory Agreement and all the terms and provisions hereof are to effectuate the purposes set forth herein and to sustain the validity hereof.

The defined terms used in the preamble and recitals of this Regulatory Agreement have been included for convenience of reference only, and the meaning, construction and interpretation of all defined terms are to be determined by reference to this Section 1, notwithstanding any contrary definition in the

preamble or recitals hereof. The titles and headings of the sections of this Regulatory Agreement have been inserted for convenience of reference only and are not to be considered a part hereof and do not in any way modify or restrict any of the terms or provisions hereof and are not to be considered or given any effect in construing this Regulatory Agreement or any provisions hereof or in ascertaining intent, if any question of intent arises.

Section 1A. Acquisition, Construction and Equipping of the Development. The Borrower hereby represents, covenants and agrees as follows:

(a) The statements made in the various certificates delivered by the Borrower to the Issuer or the Trustee or both, including specifically the representations and expectations set forth in the Tax Exemption Agreement, are true and correct.

(b) The Borrower will submit to the Issuer and the Trustee evidence of construction completion as required in the Loan Agreement, and attached as Schedule 7 thereto, within 30 days of completion. The Borrower will also submit a request for final construction inspection to the Issuer, in the format prescribed by the Issuer as required pursuant to Title 10, Part 1, Chapter 10, Subchapter F of the Texas Administrative Code. The Borrower further agrees to cause the architect of record to submit a certification that the Development was constructed in compliance with all applicable laws and the engineer of record (if applicable) must submit a certification that the Development was constructed in compliance with design requirements.

(c) The Borrower will take or not fail to take, as is applicable, all actions necessary to cause the proceeds of the Bonds to be applied in a manner consistent with the requirements of the Indenture, the Loan Agreement, the Tax Exemption Agreement and this Regulatory Agreement. The Borrower acknowledges that such requirements have been designed for the purpose of ensuring compliance with the provisions of the Act or the Code applicable to the Borrower and the Development.

(d) The Borrower is a qualified “housing sponsor” as defined in the Act.

Section 2. Tax-Exempt Status of the Tax-Exempt Bonds. The Borrower will not take any action or omit to take any action which, if taken or omitted, respectively, would adversely affect the Federal Tax Status of the Tax-Exempt Bonds. With the intent not to limit the generality of the foregoing, the Borrower covenants and agrees:

(a) That the Development will be owned, managed and operated as a “qualified residential rental project” within the meaning of section 142(d) of the Code, on a continuous basis during the Qualified Project Period. In particular, the Borrower covenants and agrees, continuously during the Qualified Project Period, as follows:

(i) that the Development will be comprised of residential Units and facilities functionally related and subordinate thereto;

(ii) that each Unit will contain complete facilities for living, sleeping, eating, cooking and sanitation, e.g., a living area, a sleeping area, bathing and sanitation facilities, and cooking facilities equipped with a cooking range, refrigerator and sink, all of which are separate and distinct from other Units; provided that, a Unit will not fail to meet these requirements merely because it is a single-room occupancy unit (within the meaning of section 42 of the Code);

(iii) that the land and the facilities that are part of the Development will be functionally related and subordinate to the Units comprising the Development and will be of a character and size that is commensurate with the character and size of the Development;

(iv) that at no time will any of the Units be utilized (A) on a transient basis by being leased or rented for a period of less than six months (unless the Unit serves as a single room occupancy unit or transitional housing for the homeless (as described in section 42(i)(3)(B) of the Code), in which case such lease may be on a month-to-month basis) or (B) as a hotel, motel, dormitory, fraternity house, sorority house, rooming house, hospital, sanitarium, nursing home, rest home, or trailer park or court used on a transient basis;

(v) that the Development will consist of one or more proximate buildings or structures, together with any functionally related and subordinate facilities containing one or more similarly constructed Units, all of which (A) will be located on a single tract of land or two or more parcels of land that are contiguous except for the interposition of a road, street, stream or similar property or their boundaries meet at one or more points, (B) will be owned by the same person for federal income tax purposes, and (C) will be financed pursuant to a common plan;

(vi) that substantially all of the Development will consist of similarly constructed Units together with functionally related and subordinate facilities for use by Development tenants at no additional charge, such as swimming pools, other recreational facilities, parking areas, and other facilities that are reasonably required for the Development, such as heating and cooling equipment, trash disposal equipment, and Units for resident managers, security personnel or maintenance personnel;

(vii) that at no time will any Unit in any building or structure in the Development that contains fewer than five Units be occupied by the Borrower;

(viii) that each Unit will be rented or available for rental on a continuous basis to Eligible Tenants (subject to the limitations and exceptions contained in this Regulatory Agreement, the Tax Exemption Agreement and the Loan Agreement) at all times during the longer of (A) the remaining term of the Tax-Exempt Bonds or (B) the Qualified Project Period, that the Borrower will not give preference in renting Units to any particular class or group of persons, other than Persons with Special Needs, Low-Income Tenants and other Eligible Tenants as provided herein, and that at no time will any portion of the Development be exclusively reserved for use by a limited number of nonexempt persons in their trades or businesses;

(ix) that the Development will meet the Set Aside. For the purposes of this Section 2(a)(ix), a vacant Unit that was most recently occupied by a Low-Income Tenant is treated as rented and occupied by a Low-Income Tenant until reoccupied, at which time the character of such Unit must be redetermined. No tenant qualifying as a Low-Income Tenant will be denied continued occupancy of a Unit because, after the most recent Tenant Income Certification, such tenant's Annual Income increases to exceed the qualifying limit for Low-Income Tenants; provided, however, that, should a Low-Income Tenant's Annual Income, as of the most recent determination thereof, exceed 140% of the then applicable income limit for a Low-Income Tenant of the same family size and such Low-Income Tenant constitutes a portion of the Set Aside, then such tenant will only continue to qualify

for so long as no Unit of comparable or smaller size in the same building (within the meaning of section 42 of the Code) is rented to a tenant that does not qualify as a Low-Income Tenant;

(x) that the Borrower will obtain, complete and maintain on file (A) Tenant Income Certifications and supporting documentation from each Low-Income Tenant dated immediately prior to the initial occupancy of such Low-Income Tenant in the Development and (B) thereafter, annual certification regarding, at a minimum, information regarding household composition and student status in the form available on the Issuer's website; provided that, if any Units in the Development are ever made available to tenants who are not Low-Income Tenants, then the Borrower will obtain, complete and maintain annual Tenant Income Certifications in accordance with section 142(d)(3)(A) of the Code. The Borrower will obtain such additional information as may be required in the future by section 142(d) of the Code, as the same may be amended from time to time, or in such other form and manner as may be required by applicable rules, rulings, policies, procedures, Regulations or other official statements now or hereafter promulgated, proposed or made by the Department of the Treasury or the Internal Revenue Service with respect to obligations that are tax-exempt private activity bonds described in section 142(d) of the Code. The Borrower will make a diligent and good-faith effort to determine that the income information provided by an applicant in any certification is accurate by taking steps required under section 142(d) of the Code pursuant to provisions of the Housing Act. As part of the verification, the Borrower will document income and assets in accordance with HUD Handbook 4350.3 and the Issuer's Compliance Monitoring Rules;

(xi) that, on or before each March 31, the Borrower will submit to the Secretary of the Treasury, with a copy provided to the Issuer, the completed Internal Revenue Service Form 8703 or such other annual certification required by the Code to be submitted to the Secretary of the Treasury as to whether the Development continues to meet the requirements of section 142(d) of the Code; and

(xii) that the Borrower will prepare and submit the Unit Status Report in the form available on the Issuer's website at the time of such submission to the Issuer (via the electronic filing system available on the Issuer's website) in accordance with Section 4(e) hereof.

(b) That the Borrower will maintain complete and accurate records pertaining to the Low-Income Units and will permit, at all reasonable times during normal business hours and upon reasonable notice, and subject to the rights of tenants in lawful possession, any duly authorized representative of the Issuer, the Trustee, the Department of the Treasury or the Internal Revenue Service to enter upon the Development Site to examine and inspect the Development and to inspect and photocopy the books and records of the Borrower pertaining to the Development, including those records pertaining to the occupancy of the Low-Income Units. The Borrower will retain all records maintained in accordance with this Section 2 until the date that is three years after the end of the Qualified Project Period.

(c) That the Borrower will provide to the Trustee and the Issuer a certificate in the form attached hereto as Exhibit E certifying (i) within 90 days thereof, the date on which 10% of the Units are occupied; and (ii) within 90 days thereof, the date on which 50% of the Units are occupied.

(d) That the Borrower will prepare and submit to the Issuer and the Trustee, within 60 days prior to the last day of the Qualified Project Period, a certificate setting forth the date on which the Qualified Project Period will end, which certificate must be in recordable form; however, failure to deliver such certificate shall not extend the Qualified Project Period.

Anything in this Regulatory Agreement to the contrary notwithstanding, it is expressly understood and agreed by the parties hereto that the Issuer and the Trustee may rely conclusively on the truth and accuracy of any certificate, opinion, notice, representation or instrument made or provided by the Borrower in order to establish the existence of any fact or statement of affairs solely within the knowledge of the Borrower, and which is required to be noticed, represented or certified by the Borrower hereunder or in connection with any filings, representations or certifications required to be made by the Borrower in connection with the issuance and delivery of the Bonds.

Section 3. Modification of Tax and Other Restrictive Covenants. The Borrower, the Trustee, the Fee Owner and the Issuer hereby agree as follows:

(a) During the Qualified Project Period and the State Restrictive Period, to the extent any amendments to the Act or the Code, in the written opinion of Bond Counsel filed with the Issuer, the Trustee, the Fee Owner and the Borrower, are required by the terms thereof to be applied to, and impose requirements upon, the ownership or operation of the Development that are more restrictive than those imposed by this Regulatory Agreement, this Regulatory Agreement will be deemed to be automatically amended to impose such additional or more restrictive requirements to be effective for the duration of such more restrictive requirements. The parties hereto hereby agree to execute such amendment hereto as is necessary to document such automatic amendment hereof. In addition, this Regulatory Agreement will be amended to the extent required by, and in accordance with, the Loan Agreement.

(b) During the Qualified Project Period and the State Restrictive Period, to the extent that the Act, the Code, or any amendments thereto, in the written opinion of Bond Counsel filed with the Issuer, the Trustee, the Fee Owner and the Borrower, impose requirements upon the ownership or operation of the Development less restrictive than imposed by this Regulatory Agreement, this Regulatory Agreement may be amended or modified to provide such less restrictive requirements but only by written amendment signed by the Issuer, the Trustee, the Fee Owner and the Borrower and upon receipt of a Favorable Opinion of Bond Counsel.

(c) All costs, including fees and out-of-pocket expenses actually incurred by the Issuer and the Trustee, in connection with compliance with the requirements of this Section will be paid by the Borrower and its successors in interest.

Section 4. Housing Development During the State Restrictive Period. The Issuer and the Borrower hereby recognize and declare their understanding and intent that the Development is to be owned, managed and operated as a "housing development," as such term is defined in Section 2306.004(13) of the Act, and in compliance with applicable restrictions and limitations as provided in the Act and the rules of the Issuer until the expiration of the State Restrictive Period.

To the same end, the Borrower hereby represents, covenants and agrees as follows during the State Restrictive Period:

(a) except for Units occupied or reserved for a resident manager, security personnel and maintenance personnel that are reasonably required for the Development, to assure that 100% of the Units are reserved for Eligible Tenants;

(b) to assure that the provisions of Sections 2(a)(viii) and 2(a)(ix) hereof continue in full force and effect until the end of the State Restrictive Period;

(c) to obtain a Tenant Income Certification from each tenant in the Development (other than resident managers, security personnel and maintenance personnel) not later than the date of such tenant's initial occupancy of a Unit in the Development, and, if required as described in Section 2(a)(x) hereof, at least annually thereafter in the manner as described in Section 2(a)(x) hereof, and to maintain a file of all such Tenant Income Certifications, together with all supporting documentation, for a period of not less than three years after the end of the State Restrictive Period;

(d) to obtain from each tenant in the Development (other than resident managers, security personnel and maintenance personnel), at the time of execution of the lease pertaining to the Unit occupied by such tenant, a written certification, acknowledgment and acceptance in such form provided by the Issuer to the Borrower from time to time that (i) such lease is subordinate to the Security Instrument and this Regulatory Agreement, (ii) all statements made in the Tenant Income Certification submitted by such tenant are accurate, (iii) the family income and eligibility requirements of this Regulatory Agreement and the Loan Agreement are substantial and material obligations of tenancy in the Development, (iv) such tenant will comply promptly with all requests for information with respect to such requirements from the Borrower, the Fee Owner, the Trustee and the Issuer, and (v) failure to provide accurate information in the Tenant Income Certification or refusal to comply with a request for information with respect thereto will constitute a violation of a substantial obligation of the tenancy of such tenant in the Development;

(e) to cause to be prepared and submitted to the Issuer (via the electronic filing system available on the Issuer's website) by the tenth calendar day of each January, April, July and October or other schedule as determined by the Issuer with written notice to the Borrower, a certified quarterly Unit Status Report in a form available on the Issuer's website at the time of submission or in such other form as the Issuer may reasonably prescribe in writing to the Borrower with the first quarterly report due on the first quarterly reporting date after leasing activity commences;

(f) to the extent legally permissible and upon reasonable notice to permit any duly authorized representative of the Issuer or the Trustee to inspect the books and records of the Borrower pertaining to the Development or the incomes of Development tenants, including but not limited to tenant files, during regular business hours and to make copies therefrom if so desired and file such reports as are necessary to meet the Issuer's requirements;

(g) that the Borrower is qualified to be a "housing sponsor" as defined in the Act and will comply with all applicable requirements of the Act, including submitting (via the electronic filing system available on the Issuer's website) the Annual Owner's Compliance Report to the Issuer in the form available on the Issuer's website at the time of submission by April 30 of each year, commencing April 30, 2027;

(h) to provide social services which must meet the minimum point requirement and be chosen from the list of Tenant Supportive Services attached hereto as Exhibit C in the manner provided in such Exhibit, or from any additional supportive services added to the Issuer's rules at any future date that are of similar value to the service it is intending to replace as agreed to in writing by the Issuer. The Borrower must maintain documentation satisfactory to the Issuer of social services provided and such documentation will be reviewed during monitoring reviews

beginning with the first monitoring review and must be submitted to the Issuer upon request. The Borrower must provide the social services throughout the State Restrictive Period;

(i) to comply with Title 10, Part 1, Chapter 10, Subchapter F of the Texas Administrative Code and other Issuer rules regarding affirmative marketing and written policies and procedures, as such requirements may be amended from time to time;

(j) to maintain the property in compliance with HUD's National Standards for the Physical Inspections of Real Estate and to provide regular maintenance to keep the Development sanitary, safe and decent and to comply with the requirements of Section 2306.186 of the Texas Government Code; provided, however, that the Issuer must first provide notice of any default or breach to the Borrower, and the Borrower will have 30 days to cure such default or breach;

(k) to renew any available rental subsidies which are sufficient to maintain the economic viability of the Development pursuant to Section 2306.185(c) of the Texas Government Code;

(l) the Borrower is not a party to and will not enter into a contract for the Development with, a housing developer that (i) is on the Issuer's debarred list, including any parts of that list that are derived from the debarred list of HUD; (ii) breached a contract with a public agency; or (iii) misrepresented to a subcontractor the extent to which the Borrower has benefited from contracts or financial assistance that has been awarded by a public agency, including the scope of the Borrower's participation in contracts with the agency and the amount of financial assistance awarded to the Borrower by the agency;

(m) to cooperate fully with the Issuer with respect to its compliance and oversight requirements and to cause the manager of the Development to so comply;

(n) to ensure that Units intended to satisfy the Set Aside under Section 2(a)(ix) hereof will be distributed evenly throughout the Development and will include a reasonably proportionate amount of each type of Unit available in the Development;

(o) to ensure that the Development conforms to the federal Fair Housing Act; and

(p) to pay to the Issuer the Issuer Compliance Fee (as defined in the Indenture).

Section 4.A. Repairs and Maintenance Required by State Law. The Borrower will maintain the Replacement Reserve required by and created pursuant to the Replacement Reserve Agreement or a similar account for the longer of: (a) the period of time required pursuant to the Replacement Reserve Agreement, or (b) the State Reserve Period as required by Section 2306.186 of the Texas Government Code.

Section 4.B. Development Amenities. The Borrower hereby represents, covenants and agrees that the Development will include the Development Amenities as described in Exhibit B-2 attached hereto.

Section 5. Reserved.

Section 6. Persons With Special Needs. The Borrower represents, covenants and warrants that during the State Restrictive Period, it will make at least 5% of the Units within the Development available for occupancy by Persons with Special Needs.

Section 7. Consideration. The Issuer has issued the Bonds to provide funds to make the Loan to finance the Development, all for the purpose, among others, of inducing the Borrower to acquire, construct, equip and operate the Development. In consideration of the issuance of the Bonds by the Issuer and in consideration of the Borrower entering into the Ground Lease, the Borrower and the Fee Owner have entered into this Regulatory Agreement and have agreed to restrict the uses to which the Development can be put on the terms and conditions set forth herein.

Section 8. Reliance. The Issuer, the Trustee, the Fee Owner and the Borrower hereby recognize and agree that the representations and covenants set forth herein may be relied upon by all Persons interested in the legality and validity of the Bonds, and in the excludability of interest on the Tax-Exempt Bonds from gross income for federal income tax purposes under existing law. In performing their duties and obligations hereunder, the Borrower, the Fee Owner, the Issuer and the Trustee may conclusively rely upon statements and certificates of the Low-Income Tenants or Eligible Tenants and the Issuer and the Trustee may rely upon (i) statements and certifications by the Borrower and the Fee Owner; (ii) audits of the books and records of the Borrower and the Fee Owner pertaining to the Development; and (iii) with respect to the Trustee, any other information provided to the Trustee, pursuant to this Regulatory Agreement. In addition, the Issuer, the Borrower, the Fee Owner and the Trustee may consult with counsel, and the opinion of such counsel will be full and complete authorization and protection in respect of any action taken or suffered by the Issuer, the Borrower, the Fee Owner or the Trustee hereunder in good faith and in conformity with such opinion. In determining whether any default by the Borrower or the Fee Owner exists under this Regulatory Agreement, the Trustee is not required to conduct any investigation into or review of the operations or records of the Borrower or the Fee Owner and may rely on any written report, notice or certificate or other information delivered to the Trustee, as required by this Regulatory Agreement, by any Person retained to review the Borrower's or the Fee Owner's compliance with this Regulatory Agreement or by the Borrower, the Fee Owner or the Issuer with respect to the occurrence or absence of a default unless it has actual knowledge that the report, notice or certificate is erroneous or misleading.

Section 9. Development in Dallas County. The Borrower hereby represents that the Development is located entirely within Dallas County, Texas.

Section 10. Sale or Transfer of the Development or Change in General Partner.

(a) Each of the Borrower and the Fee Owner covenants and agrees not to sell, transfer or otherwise dispose of the Development (other than pursuant to the lease of Units to Eligible Tenants), without (i) providing 30 days prior written notice to the Issuer, (ii) complying with any applicable provisions of this Regulatory Agreement, the Loan Agreement, the Tax Exemption Agreement and other Loan Documents and (iii) obtaining the prior written consent of the Issuer. Such consent of the Issuer will not be unreasonably withheld and will be given if the following conditions to the sale or other disposition are met or waived in writing by the Issuer: (A) there is delivered to the Trustee and the Issuer a written opinion of independent legal counsel reasonably satisfactory to the Trustee and the Issuer, addressed to the Trustee and the Issuer, concluding that the proposed purchaser or transferee has duly assumed all of the rights and obligations of the Borrower or the Fee Owner, as applicable, under this Regulatory Agreement, the Loan Agreement, the Tax Exemption Agreement and the other Loan Documents and that each of the documents executed by such proposed purchaser or transferee in connection therewith has been duly authorized, executed and delivered by such proposed purchaser or transferee and is a valid and enforceable obligation of such proposed purchaser or transferee, subject to customary qualifications, (B) the Issuer receives a Favorable Opinion of Bond Counsel, with a copy to the Trustee and the Borrower, which opinion will be furnished at the expense of the Borrower or the proposed purchaser or transferee, (C) the Issuer receives a transfer fee equal to \$1,000, (D) the

proposed purchaser or transferee executes any document requested by the Issuer with respect to assuming the obligations of the Borrower or the Fee Owner under this Regulatory Agreement, the Loan Agreement, the Tax Exemption Agreement and the other Loan Documents, (E) the Issuer has performed a previous participation review on the proposed purchaser or transferee or any affiliated party, the results of which are satisfactory to the Issuer in accordance with Title 10, Part 1, Chapter 1, Subchapter C, Section 1.301, Texas Administrative Code, and the Issuer does not further have any reason to believe the proposed purchaser or transferee is incapable, financially or otherwise, of complying with, or may be unwilling to comply with, the terms of all agreements and instruments binding on such proposed purchaser or transferee relating to the Development, including but not limited to this Regulatory Agreement, the Loan Agreement, the Tax Exemption Agreement, the Security Instrument and other Loan Documents, (F) the proposed purchaser or transferee has met the requirements in Title 10, Part 1, Chapter 10, Subchapter E, Section 10.406, Texas Administrative Code, and (G) the Borrower or proposed purchaser or transferee have paid any and all fees or expenses of Bond Counsel incurred in association with its review and drafting of documents relating to the transfer. The foregoing provisions do not apply to transfer by foreclosure or deed in lieu of foreclosure or other similar involuntary transfers (except in the case of a change in ownership resulting from a deed in lieu of foreclosure, advance notice, which notice must include information regarding the applicable rent/income requirements post such deed in lieu of foreclosure, must be provided to both the Department and to the tenants at least 30 days prior to finalizing the transfer), but such provisions apply to any transfer subsequent to such involuntary transfers. Notwithstanding anything to the contrary contained herein, the following shall be permitted and shall not require the prior written approval of Issuer or Trustee, provided that written notice thereof has been provided to the Issuer: (a) the transfer by the Equity Investor of its non-controlling interest in the Borrower in accordance with the terms of the Borrower's Organizational Documents, (b) the removal of the General Partner or the Class B Limited Partner in accordance with the Organizational Documents and the temporary replacement thereof with the Equity Investor or any of its affiliates, (c) the transfer of ownership interests in the Equity Investor, (d) upon the expiration of the tax credit compliance period, the transfer of the interests of the Equity Investor in the Borrower to the General Partner or any of its affiliates, and (e) any amendment to the Organizational Documents to memorialize the transfers or removal described above. For the purposes of the preceding sentence, "Control" or "Controlling" has the meaning given to such term in Title 10, Part 1, Subchapter A, Section 11.1, Texas Administrative Code. Each of the Borrower and the Fee Owner hereby expressly stipulates and agrees that any sale, transfer or other disposition of the Development in violation of this subsection will be ineffective to relieve the Borrower or the Fee Owner, as applicable, of its obligations under this Regulatory Agreement. Upon any sale, transfer or other disposition of the Development in compliance with this Regulatory Agreement, the Borrower or the Fee Owner so selling, transferring or otherwise disposing of the Development will have no further liability for obligations under the Loan Agreement, this Regulatory Agreement, the Tax Exemption Agreement or any other Loan Document arising after the date of such disposition. The foregoing notwithstanding, the duties of the Borrower and the Fee Owner as set forth in the Loan Agreement, this Regulatory Agreement, the Tax Exemption Agreement or any other Loan Document with respect to matters arising prior to the date of such sale, transfer or other disposition will not terminate upon the sale, transfer or other disposition of the Development.

(b) No transfer of the Development will release the Borrower or the Fee Owner from its respective obligations under this Regulatory Agreement arising prior to the date of such transfer, but any such transfer in accordance with this Regulatory Agreement will relieve the Borrower or the Fee Owner, as applicable, of further liability for obligations under the Loan

Agreement, this Regulatory Agreement, the Note or the Security Instrument arising after the date of such transfer.

(c) Except as set forth in Section 10(a) above, the Borrower will not change its general partner by transfer, sale or otherwise without the prior written consent of the Issuer, in accordance with Title 10, Part 1, Chapter 10, Subchapter E, Section 10.406, Texas Administrative Code. A change in the Borrower's general partner includes any transfer of any controlling ownership interest in the general partner other than by death or incapacity.

Section 11. Term. This Regulatory Agreement and all and each of the provisions hereof will become effective upon its execution and delivery, will remain in full force and effect for the periods provided herein and, except as otherwise provided in this Section, will terminate in its entirety at the end of the State Restrictive Period, it being expressly agreed and understood that the provisions hereof are intended to survive the retirement of the Bonds, discharge of the Loan, termination of the Loan Agreement and defeasance or termination of the Indenture; provided, however, that the provisions related to the Qualified Project Period that are not incorporated into the State Restrictive Period will terminate in their entirety at the end of the Qualified Project Period.

The terms of this Regulatory Agreement to the contrary notwithstanding, the requirements set forth herein will terminate, without the requirement of any consent by the Issuer or the Trustee, and be of no further force and effect in the event of involuntary noncompliance with the provisions of this Regulatory Agreement caused by fire, seizure, requisition, change in a federal or State law or an action of a federal agency after the Closing Date that prevents the Issuer or the Trustee from enforcing the provisions hereof, or foreclosure or transfer of title by deed in lieu of foreclosure or other similar involuntary transfer, condemnation or a similar event, but only if, within a reasonable period thereafter, either the Bonds are retired in full or amounts received as a consequence of such event are used to provide a "qualified residential rental project" that meets the requirements of the Code and State law including, but not limited to, the provisions set forth in Sections 1A through 6, 10, 11 and 12 of this Regulatory Agreement. The provisions of the preceding sentence will cease to apply and the requirements referred to therein will be reinstated if, at any time during the Qualified Project Period, after the termination of such requirements as a result of involuntary noncompliance due to foreclosure, transfer of title by deed in lieu of foreclosure or similar event, the Borrower or any Related Person obtains an ownership interest in the Development for federal income tax purposes or for the purposes of State law.

Notwithstanding any other provision of this Regulatory Agreement, this Regulatory Agreement may be terminated upon agreement by the Issuer, the Trustee, the Fee Owner and the Borrower upon receipt of a Favorable Opinion of Bond Counsel.

Upon the termination of the terms of this Regulatory Agreement, the parties hereto agree to execute, deliver and record appropriate instruments of release and discharge of the terms hereof; provided, however, that the execution and delivery of such instruments are not necessary or a prerequisite to the termination of this Regulatory Agreement in accordance with its terms. All costs, including fees and expenses, of the Issuer and the Trustee incurred in connection with the termination of this Regulatory Agreement will be paid by the Borrower and its successors in interest.

Section 12. Covenants to Run With the Land. The Borrower and the Fee Owner hereby subject the Development (including the Development Site) to the covenants, reservations and restrictions set forth in this Regulatory Agreement. The Issuer, the Trustee, the Fee Owner and the Borrower hereby declare that the covenants, reservations and restrictions set forth herein are covenants running with the land and will pass to and be binding upon the Borrower's and the Fee Owner's successors in title to the Development;

provided, however, that upon the termination of this Regulatory Agreement said covenants, reservations and restrictions will expire. Each and every contract, deed or other instrument hereafter executed covering or conveying the Development or any portion thereof prior to the termination of this Regulatory Agreement will conclusively be held to have been executed, delivered and accepted subject to such covenants, reservations and restrictions, regardless of whether such covenants, reservations and restrictions are set forth in such contract, deed or other instrument.

No breach of any of the provisions of this Regulatory Agreement will impair, defeat or render invalid the lien of any mortgage, deed of trust or like encumbrance made in good faith and for value encumbering the Development or any portion thereof.

Section 13. Burden and Benefit. The Issuer, the Trustee, the Fee Owner and the Borrower hereby declare their understanding and intent that the burden of the covenants set forth herein touch and concern the land in that the Borrower's legal interest in the Development is rendered less valuable thereby. The Issuer, the Trustee, the Fee Owner and the Borrower hereby further declare their understanding and intent that the benefit of such covenants touch and concern the land by enhancing and increasing the enjoyment and use of the Development by Low-Income Tenants and Eligible Tenants and by furthering the public purposes for which the Bonds were issued.

Section 14. Uniformity; Common Plan. The covenants, reservations and restrictions hereof will apply uniformly to the entire Development in order to establish and carry out a common plan for the use, development and improvement of the Development Site.

Section 15. Default; Enforcement by the Trustee and Issuer. If the Borrower or the Fee Owner defaults in the performance or observance of any covenant, agreement or obligation of the Borrower or the Fee Owner, as applicable, set forth in this Regulatory Agreement, and if such default remains uncured by the Borrower or the Fee Owner for a period of 60 days after written notice thereof has been given by the Issuer or the Trustee to the Borrower, the Fee Owner, the Controlling Person and the Equity Investor at the Notice Addresses set forth in the Indenture, then the Trustee, acting on its own behalf or on behalf of the Issuer and after being indemnified as provided in the Indenture and in the Loan Agreement, will declare an "Event of Default" to have occurred hereunder; provided, however, that, if the default stated in the notice is of such a nature that it cannot be corrected within 60 days, such default will not constitute an Event of Default hereunder and will not be declared an Event of Default so long as (i) the Borrower or the Fee Owner institutes corrective action within said 60 days and diligently pursues such action until the default is corrected and (ii) the Borrower or the Fee Owner delivers to the Issuer and the Trustee a Favorable Opinion of Bond Counsel. The Issuer hereby agrees that any cure of any Event of Default hereunder made or tendered by the Equity Investor or the Controlling Person shall be deemed to be cure by the Borrower, and shall be accepted or rejected by the Issuer on the same basis as if made or tendered by the Borrower.

During the existence of an Event of Default hereunder, the Trustee or the Issuer, each subject to being indemnified as provided in the Indenture and in the Loan Agreement with respect to the costs and expenses of any proceeding, may, at its option, take any one or more of the following steps:

(a) by mandamus or other suit, action or proceeding at law or in equity, including injunctive relief, require the Borrower or the Fee Owner, as applicable, to perform its obligations and covenants hereunder or enjoin any acts or things which may be unlawful or in violation of the rights of the Issuer or the Trustee hereunder;

(b) have access to and inspect, examine and make copies of all of the books and records of the Borrower or the Fee Owner, as applicable, pertaining to the Development during regular business hours following reasonable prior written notice; and

(c) take such other action at law or in equity as may appear necessary or desirable to enforce the obligations, covenants and agreements of the Borrower or the Fee Owner hereunder.

Each of the Borrower and the Fee Owner hereby agrees that specific enforcement of the Borrower's and the Fee Owner's agreements contained herein is the only means by which the Issuer and the Trustee may obtain the benefits of such agreements made by the Borrower and the Fee Owner herein, and each of the Borrower and the Fee Owner therefore agrees to the imposition of the remedy of specific performance against it in the case of any Event of Default by the Borrower or the Fee Owner hereunder. In addition, if the Issuer succeeds in an action for specific performance of an obligation, covenant or agreement of the Borrower or the Fee Owner contained herein, it is entitled to the relief provided in Section 16(b) hereof to the extent provided in that provision.

All rights and remedies herein given or granted are cumulative, nonexclusive and in addition to any and all rights and remedies that the parties may have or may be given by reason of any law, statute, ordinance, document or otherwise. Notwithstanding the availability of the remedy of specific performance provided for in this Section, promptly upon determining that a violation of this Regulatory Agreement has occurred, the Issuer will to the extent that it has actual knowledge thereof, by notice in writing, use its best efforts to inform the Trustee, the Fee Owner and the Borrower (provided that the failure to notify will not adversely affect the Issuer's or the Trustee's rights under this Regulatory Agreement) that a violation of this Regulatory Agreement has occurred.

It is specifically declared that this Regulatory Agreement or obligations hereunder may not be enforced by tenants or prospective tenants of the Development (except as described in Section 16 below) or, except as specifically provided in the Indenture, by the holders of the Bonds.

Section 16. Enforcement of Certain Provisions by Tenants and other Private Parties.

(a) During the existence of an Event of Default hereunder with respect to Sections 4(i) and 4(j) hereof only, a tenant of the Development or any private party may, at its option by mandamus or other suit, including injunctive relief, require the Borrower to perform its obligations and covenants under Sections 4(i) and 4(j) hereof.

(b) If the Issuer, a tenant of the Development, or any private party brings an action to enforce the obligations and covenants of the Borrower under Sections 4(i) and 4(j) hereof, such party has the right to recover attorney's fees directly from the Borrower, without recourse to the Development, if such party is successful in an action seeking enforcement of the obligations and covenants of the Borrower hereunder. This is the only monetary relief a tenant of the Development or other private parties may receive under this Regulatory Agreement and any such recovery is subject to the provisions set forth in Section 15 above.

Section 17. The Trustee. The Trustee will act only as specifically provided herein, in the Indenture and in the Tax Exemption Agreement. Subject to the right of the Trustee to be indemnified as provided herein, in the Indenture and in the Loan Agreement, the Trustee agrees to act as the agent of and on behalf of the Issuer when requested in writing by the Issuer to do so, and any act required to be performed by the Issuer as herein provided will be deemed taken if such act is performed by the Trustee. The Trustee is entering into this Regulatory Agreement solely in its capacity as Trustee under the Indenture, and the duties, powers, rights and obligations of the Trustee in acting hereunder will be subject to the provisions of the Indenture and the Tax Exemption Agreement, all of which are incorporated by reference herein. The incorporated provisions of the Indenture and the Tax Exemption Agreement are intended to survive the retirement of the Bonds, discharge of the Loan, termination of the Loan Agreement, defeasance or

termination of the Indenture and the Tax Exemption Agreement and the resignation or removal of the Trustee.

Subject to the Trustee's rights under the Indenture, the Trustee will, at the written direction of the Issuer, take reasonable actions to enforce compliance by the Borrower and the Fee Owner with the terms of this Regulatory Agreement. The Trustee may conclusively rely on certificates, reports or other information delivered to the Trustee, in accordance with this Regulatory Agreement, without independent investigation and the Trustee's responsibility to review and monitor compliance hereunder will not extend beyond the Trustee's receipt of the certificates, reports, and other documents required to be submitted to the Trustee pursuant to this Regulatory Agreement, and the Trustee shall have no further duty to investigate if the same reflect compliance.

The Trustee may resign or be removed only as provided in Sections 7.4 or 7.5, respectively, of the Indenture. Such resignation or removal will not be effective until a successor Trustee satisfying the requirements of the Indenture is appointed and has accepted its appointment. The Trustee's right to indemnification provided in the Loan Agreement and in the Indenture will survive the resignation or removal of the Trustee and the termination of this Regulatory Agreement.

Upon discharge of the Indenture, the Borrower will pay to the Trustee a fee, in an amount mutually agreed upon by the Borrower and the Trustee at the time of such discharge, for the performance of the Trustee's duties under this Regulatory Agreement through the date upon which all of the Bonds are to be paid in full. After the date upon which all of the Bonds have been paid in full, the Trustee shall no longer have any duties or responsibilities under this Regulatory Agreement and all references to the Trustee in this Regulatory Agreement shall be deemed references to the Issuer.

Section 18. Recording and Filing. The Borrower will cause this Regulatory Agreement, and all amendments and supplements hereto and thereto, to be recorded and filed in the real property records of Dallas County, Texas and in such other places as the Issuer may reasonably request. A file-stamped copy of this Regulatory Agreement, and prior to the date upon which all of the Bonds have been paid in full all amendments and supplements thereto will be delivered to the Trustee. The Borrower will pay all fees and charges incurred in connection with any such recording. This Regulatory Agreement is subject to and subordinate to all matters of record as of the date hereof.

Section 19. Reimbursement of Expenses. Notwithstanding any prepayment of the Loan and notwithstanding a discharge of the Indenture and the Tax Exemption Agreement, throughout the term of this Regulatory Agreement, the Borrower will continue to pay to the Issuer and the Trustee all fees and reimbursement for all expenses actually incurred thereby required to be paid to the Issuer and the Trustee by the Borrower pursuant to the Loan Agreement and the Tax Exemption Agreement including, without limitation, reasonable compensation for any services rendered by the Issuer and the Trustee under this Regulatory Agreement and reimbursement for all expenses reasonably incurred in connection therewith.

Section 20. Governing Law. This Regulatory Agreement is governed by the laws of the State of Texas. The Trustee's rights, duties, powers and obligations hereunder are governed in their entirety by the terms and provisions of this Regulatory Agreement, the Loan Agreement, the Indenture and the Tax Exemption Agreement.

Section 21. Amendments. Subject to the provisions of Section 3 hereof, this Regulatory Agreement may be amended only by a written instrument executed by the parties hereto, with the consent of the Controlling Person (except that after discharge of the Indenture, consent will not be required from the Trustee or the Controlling Person), or their successors in title, and duly recorded in the real property

records of Dallas County, Texas, and only upon receipt of a Favorable Opinion of Bond Counsel by the Issuer, and prior to the discharge of the Indenture, the Trustee.

Section 22. Notices. Any notice required to be given hereunder to the Issuer, the Trustee, the Borrower, the Fee Owner, the Controlling Person and the Equity Investor will be given in the manner and at the notice addresses or via electronic means as set forth in the Indenture.

Section 23. Severability. If any provision of this Regulatory Agreement is held to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining portions hereof will not in any way be affected or impaired thereby.

Section 24. Multiple Counterparts. This Regulatory Agreement may be simultaneously executed in multiple counterparts, all of which constitute one and the same instrument, and each of which is deemed to be an original.

Section 25. Authorization to Act for Issuer. To the extent allowed by law, the Issuer hereby authorizes the Borrower to take on behalf of the Issuer all actions required or permitted to be taken by it hereunder, or under the Indenture, the Loan Agreement and the Tax Exemption Agreement and to make on behalf of the Issuer all elections and determinations required or permitted to be made by the Issuer hereunder or under the Indenture, the Loan Agreement and the Tax Exemption Agreement. In addition, the Issuer hereby authorizes the Borrower to exercise, on behalf of the Issuer, any election with respect to the Tax-Exempt Bonds pursuant to the Code or the Regulations, and the Issuer agrees to cooperate with the Borrower and execute any form of statement required by the Code or the Regulations to perfect any such election.

Section 26. Compliance with Texas Government Code. The representations in Section 7.9 of the Indenture (with respect to the Trustee) and in Section 5.26 of the Loan Agreement (with respect to the Borrower) are expressly incorporated by reference into this Regulatory Agreement.

IN WITNESS WHEREOF, the Issuer, the Trustee, the Fee Owner and the Borrower have executed this Regulatory Agreement by duly authorized representatives, all as of the date first above written.

**TEXAS DEPARTMENT OF HOUSING AND
COMMUNITY AFFAIRS**, as Issuer

By: _____
Name: James B. "Beau" Eccles
Title: Secretary to Board

ACKNOWLEDGMENT

STATE OF TEXAS §
 §
COUNTY OF TRAVIS §

The foregoing instrument was acknowledged before me on _____, 2025, by James B. "Beau" Eccles, Secretary to the Governing Board of the Texas Department of Housing and Community Affairs, a public and official agency of the State of Texas, on behalf of said agency.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Notary Public's Signature

My Commission expires: _____

(PERSONALIZED SEAL)

BOKF, NA,
as Trustee

By: _____
Name: Kathy McQuiston
Title: Vice President

ACKNOWLEDGMENT

STATE OF TEXAS §
 §
COUNTY OF DALLAS §

The foregoing instrument was acknowledged before me on _____, 2025, by Kathy McQuiston, a Vice President of BOKF, NA, a national banking association, on behalf of said entity.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Notary Public's Signature

My Commission expires: _____

(PERSONALIZED SEAL)

DHFC THE RIDGE AT LOOP 12 LANDOWNER, LLC,
a Texas limited liability company,
as Fee Owner

By: City of Dallas Housing Finance Corporation,
a Texas public, nonprofit housing finance corporation,
its sole member

By: _____
Name: Aaron Eaquinto
Title: General Manager

ACKNOWLEDGMENT

STATE OF TEXAS §
 §
COUNTY OF _____ §

The foregoing instrument was acknowledged before me on _____, 2025, by Aaron Eaquinto, General Manager of the City of Dallas Housing Finance Corporation, a Texas public, nonprofit housing finance corporation, sole member of DHFC The Ridge at Loop 12 Landowner, LLC, a Texas limited liability company, on behalf of said entity.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Notary Public's Signature

My Commission expires: _____

(PERSONALIZED SEAL)

LDG THE RIDGE AT LOOP 12, LP, a Texas limited partnership

By: DHFC The Ridge at Loop 12 GP, LLC, a Texas limited liability company,
its general partner

By: City of Dallas Housing Finance Corporation,
a Texas public, nonprofit housing finance corporation,
its sole member

By: _____
Name: Aaron Eaquinto
Title: General Manager

ACKNOWLEDGMENT

STATE OF TEXAS §
 §
COUNTY OF _____ §

The foregoing instrument was acknowledged before me this ____ day of _____, 2025, by Aaron Eaquinto, General Manager of the City of Dallas Housing Finance Corporation, a Texas public, nonprofit housing finance corporation, the sole member of DHFC The Ridge at Loop 12 GP, LLC, a Texas limited liability company, the general partner of LDG The Ridge at Loop 12, LP, a Texas limited partnership, on behalf of said entities.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Notary Public's Signature

My Commission expires: _____

(PERSONALIZED SEAL)

EXHIBIT A
PROPERTY DESCRIPTION

[TO COME]

EXHIBIT B-1

DESCRIPTION OF DEVELOPMENT

Borrower: LDG The Ridge at Loop 12, LP, a Texas limited partnership

Development: The Development is a 300-unit affordable, multifamily housing development known as The Ridge at Loop 12, located at 1100 N. Walton Walker Blvd, Dallas, Dallas County, Texas 75211, consisting of six (6) residential apartment buildings. The unit mix will consist of:

36	one-bedroom/one-bath units
117	two-bedroom/two-bath units
135	three-bedroom/two-bath units
12	four-bedroom/two-bath units
<hr/>	
300	Total Units

EXHIBIT B-2

DEVELOPMENT AMENITIES [NTD: SUBJECT TO UPDATE]

Development Common Amenities must include eighteen (18) points selected from the following list which are grouped primarily for organizational purposes. The Borrower is not required to select a specific number of amenities from each section. The Borrower may change, from time to time, the amenities offered; however, the overall points must remain the same. The tenant must be provided written notice of the elections made by the Borrower.

(i) Community Space for Resident Supportive Services includes:

(I) Except in Applications where more than 10% of the units in the proposed Development are Supportive Housing SRO Units, an Application may qualify to receive half of the points required under §11.101(b)(5)(A)(i)-(vi) by electing to provide a High Quality Pre-Kindergarten (HQ Pre-K) program and associated educational space at the Development Site. To receive the points the Applicant must commit to all of items (-a-) - (-c-) of this subclause.

(-a-) Space and Design. The educational space for the HQ Pre-K program must be provided on the Development Site and must be a suitable and appropriately designed space for educating children that an independent school district or open-enrollment charter school can utilize to establish and operate a HQ Pre-K program. This space includes at a minimum a bathroom and large closet in the classroom space; appropriate design considerations made for the safety and security of the students; including limited and secure ingress and egress to the classroom space; and satisfaction of the requirements of all applicable building codes for school facilities. The Applicant must provide in the Application a copy of the current school facility code requirements applicable to the Development Site and owner and architect certifications that they understand the associated space and design requirements reflected in those code requirements. The Application must also include acknowledgement by all lenders, equity providers and partners that the Application includes election of these points.

(-b-) Educational Provider Agreement. The Applicant must enter into an agreement, addressing all items as described in subitems (-1-) - (-5-) of this item, and provide evidence of such agreement to the Department on or before submission of the Cost Certification.

(-1-) The agreement must be between the Borrower and an educational provider.

(-2-) The agreement must reflect that at the Development Site the educational provider will provide a HQ Pre-K program, in accordance with Texas Education Code Chapter 29, Subchapter E-1, at no cost to residents of the proposed Development and that is available for general public use, meaning students other than those residing at the Development may attend.

(-3-) Such agreement must reflect a provision that the option to operate the HQ Pre-K program in the space at the Development Site will continue to be made available to the school or provider until such time as the school or provider wishes to withdraw from the location. This provision will not limit the Borrower's right to terminate the agreement for good cause.

(-4-) Such agreement must set forth the responsibility of each party regarding payment of costs to use the space, utility charges, insurance costs, damage to the space or any other part of the Development, and any other costs that may arise as the result of the operation of the HQ Pre-K program.

(-5-) The agreement must include provision for annual renewal, unless terminated under the provisions of item (-c-) of this subclause.

(-c-) If an education provider who has entered into an agreement becomes defunct or elects to withdraw from the agreement and provision of services at the location, as provided for in subitem (-b-)(-3-) of this subclause, the Borrower must notify the Texas Commissioner of Education at least 30 days prior to ending the agreement to seek out any other eligible parties listed in subitem (-b-)(-1-) of this subclause above. If another interested open-enrollment charter school or school district is identified by the Texas Commissioner of Education or the Borrower, the Borrower must enter into a subsequent agreement with the interested open-enrollment charter school or school district and continue to offer HQ Pre-K services. If another interested provider cannot be identified, and the withdrawing provider certifies to the Department that their reason for ending the agreement is not due to actions of the Borrower, the Borrower will not be considered to be in violation of its commitment to the Department. If the Borrower is not able to find a provider, they must notify the Commissioner annually of the availability of the space.

(II) Multifunctional learning and care center(s) or conference room(s) with the appropriate furnishings to deliver the Resident Supportive Services pertaining to classes or care for children and selected by the Borrower. The room(s) devoted to meeting this requirement must equal 15 square feet times the total number of Units, but need not exceed 2,000 square feet in total. This space must be separate from any other community space but may include a full kitchen. The room(s) must include storage space, such as closets or cabinetry (4 points).

(III) Multifunctional learning and care center(s) or conference room(s) with the appropriate furnishings to deliver the Resident Supportive Services pertaining to classes or care for adults and selected by the Borrower. The room(s) devoted to meeting this requirement must equal 10 square feet times the total number of Units, but need not exceed 1,000 square feet in total. This space must be separate from any other community space but may include a full kitchen. The room(s) must include storage space, such as closets or cabinetry (2 points).

(IV) Service provider office in addition to leasing offices (1 point).

(ii) Safety amenities include:

(I) Controlled gate access for entrance and exit areas, intended to provide access that is limited to the Development's tenancy (1 point).

(II) Secured Entry (applicable only if all Unit entries are within the building's interior) (1 point).

(III) Twenty-four hour, seven days a week monitored camera/security system in each building. Monitoring may be on-site or off-site (2 points).

(IV) Twenty-four hour, seven days a week recorded camera / security system in each building (1 point).

(V) The provision of a courtesy patrol service that, at a minimum, answers after-hour resident phone calls regarding noise and crime concerns or apartment rules violations and that can dispatch to the apartment community a courtesy patrol officer in a timely manner (3 points).

(iii) Health/Fitness/Play amenities include:

(I) Accessible walking/jogging path, equivalent to the perimeter of the Development or a length that reasonably achieves the same result, separate from a sidewalk and in addition to required accessible routes to Units or other amenities (1 point).

(II) Furnished fitness center. Equipped with a variety of fitness equipment (at least one item for every 40 Units). Choose from the following: stationary bicycle, elliptical trainer, treadmill, rowing machine, universal gym, multi-functional weight bench, stair-climber, dumbbell set, or other similar equipment. Equipment shall be commercial use grade or quality. Fitness center must be located indoors or be a designated room with climate control and allow for after-hours access. (1 point).

(III) Furnished fitness center. Equipped with a variety of fitness equipment (at least one item for every 20 Units). Choose from the following: stationary bicycle, elliptical trainer, treadmill, rowing machine, universal gym, multi-functional weight bench, stair-climber, dumbbell set, or other similar equipment. Equipment shall be commercial use grade or quality. Fitness center must be located indoors or be a designated room with climate control and allow for after-hours access. (2 points).

(IV) One Children's Playscape Equipped for five to 12 year olds, or one Tot Lot (2 points). Must be covered with a shade canopy or awning, intended to keep equipment cool, and provide shade and ultraviolet protection. This item can only be selected if subclause (V) of this subparagraph is not selected.

(V) Two Children's Playscapes Equipped for five to 12 year olds, two Tot Lots, or one of each (4 points). Must be covered with a shade canopy or awning, intended to keep equipment cool, and provide shade and ultraviolet protection. This item can only be selected if subclause (IV) of this subparagraph is not selected.

(VI) Horseshoe pit; putting green; shuffleboard court; pool table; ping pong table; or similar equipment in a dedicated location accessible to all residents to play such games (1 point).

(VII) Swimming pool (5 points).

(VIII) Splash pad/water feature play area (3 points).

(IX) Sport Court or field (including, but not limited to, Tennis, Basketball, Volleyball, Pickleball, Soccer, or Baseball Field) (2 points).

(iv) Design / Landscaping amenities include:

- (I) Full perimeter fencing that contains the parking areas and all amenities (excludes guest or general public parking areas) (2 points).
 - (II) Enclosed community sun porch or covered community porch/patio (1 point).
 - (III) Dog Park area that is fully enclosed (the perimeter fencing may be used for part of the enclosure) and intended for tenant owned dogs to run off leash (requires that the Development allow dogs) (2 points).
 - (IV) Shaded rooftop or structural viewing deck of at least 500 square feet (2 points).
 - (V) Porte-cochere (1 point).
 - (VI) Lighted pathways along all accessible routes (1 point).
 - (VII) a resident-run community garden with annual soil preparation and mulch provided by the Borrower and access to water (which may be subject to local water usage restrictions) (1 point).
- (v) Community Resources include:
- (I) Community laundry room with at least one washer and dryer for every 40 Units (2 points).
 - (II) Barbecue grill and picnic table with at least one of each for every 50 Units (1 point). Grill must be permanently installed (no portable grills).
 - (III) Business center with workstations and seating internet access, 1 printer and at least one scanner which may be integrated with the printer, and either 2 desktop computers or laptops available to check-out upon request (2 points).
 - (IV) Furnished Community room (2 points).
 - (V) Library with an accessible sitting area (separate from the community room) (1 point).
 - (VI) Activity Room stocked with supplies (Arts and Crafts, board games, etc.) (2 points).
 - (VII) Community Dining Room with full or warming kitchen furnished with adequate tables and seating (3 points).
 - (VIII) Community Theater Room equipped with a 52 inch or larger screen or projection with surround sound equipment; DVD player or a streaming service at no cost to residents; and seating (3 points).
 - (IX) High-speed Wi-Fi with advanced telecommunications capacity as determined under 47 U.S.C. 1302 with coverage throughout the clubhouse or community building (1 point).
 - (X) High-speed Wi-Fi with advanced telecommunications capacity as determined under 47 U.S.C. 1302 with coverage throughout the Development (2 points).

(XI) Bicycle parking that allows for, at a minimum, one bicycle for every five Units, within reasonable proximity to each residential building that allows for bicycles to be secured with lock (lock not required to be provided to tenant) (1 point).

(XII) Package Lockers or secure package room. Automated Package Lockers or secure package room provided at a location within the complex that can be accessed by residents 24/7 and at no charge to the resident. To qualify, there would need to be at least one locker for every eight residential units (2 points).

(XIII) Recycling Service (includes providing a storage location and service for pick-up) (1 point).

(XIV) Community car vacuum station (1 point).

(XV) Access to onsite bike sharing services, provided tenants have short-term, autonomous access to community-owned bicycles, with at least one bicycle per 25 units (1 point).

Unit, Development Construction and Energy and Water Efficiency Features. The Development must include at least nine (9) points selected from the following list. At least two (2) points must be selected from clause (iii) Energy and Water Efficiency Features. The development must maintain the points associated with those amenities by maintaining the amenity selected or providing substitute amenities with equal or higher point values.

(i) Unit Features include:

(I) Covered entries (0.5 point);

(II) Nine foot ceilings in living room and all Bedrooms (at minimum) (1 point);

(III) Microwave ovens (0.5 point);

(IV) Self-cleaning or continuous cleaning ovens (0.5 point);

(V) Storage room or closet, of approximately 9 square feet or greater, separate from and in addition to Bedroom, entryway or linen closets and which does not need to be in the Unit but must be on the Property site (0.5 point);

(VI) Covered patios or covered balconies (0.5 point);

(VII) High Speed Internet service to all Units (can be wired or wireless; required equipment for either must be provided) (1 point);

(VIII) Built-in (recessed into the wall) shelving unit (0.5 point);

(IX) Breakfast Bar (a space, generally between the kitchen and dining area, that includes an area for seating although actual seating such as bar stools does not have to be provided) (0.5 point);

(X) Walk-in closet in at least one Bedroom (0.5 point);

(XI) 48-inch upper kitchen cabinets (1 point);

(XII) Kitchen island (0.5 points);

(XIII) Kitchen pantry with shelving (may include the washer/dryer unit for Rehabilitation Developments only) (0.5 point).

(XIV) Natural stone or quartz countertops in kitchen and bath (1 point);

(XV) Double vanity in at least one bathroom (0.5 point); and

(XVI) Hard floor surfaces in over 50% of unit NRA (0.5 point).

(ii) Development Construction Features include:

(I) Covered parking (may be garages or carports, attached or freestanding) and include at least one covered space per Unit (1.5 points);

(II) Thirty year roof (0.5 point);

(III) Greater than 30% stucco or masonry (includes stone, cultured stone, and brick but excludes cementitious and metal siding) on all building exteriors; the percentage calculation may exclude exterior glass entirely (2 points);

(IV) Electric Vehicle Charging Station (0.5 points);

(V) An Impact Isolation Class (IIC) rating of at least 55 and a Sound Transmission Class (STC) rating of 60 or higher in all Units, as certified by the architect or engineer of record (3 points); and

(VI) Green Building Features. Points under this item are intended to promote energy and water conservation, operational savings and sustainable building practices. Four (4) points may be selected from only one of the categories described in items (-a-) - (-d-) of this subclause. If the Development involves scattered sites, there must be green building features incorporated into each site in order to qualify for these points.

(-a-) Enterprise Green Communities. The Development must incorporate all mandatory and optional items applicable to the construction type (i.e. New Construction, Rehabilitation, etc.) as provided in the most recent version of the Enterprise Green Communities Criteria found at <http://www.greencommunitiesonline.org>.

(-b-) Leadership in Energy and Environmental Design (LEED). The Development must incorporate, at a minimum, all of the applicable criteria necessary to obtain a LEED Certification, regardless of the rating level achieved (i.e., Certified, Silver, Gold or Platinum).

(-c-) ICC/ASHRAE - 700 National Green Building Standard (NGBS). The Development must incorporate, at a minimum, all of the applicable criteria necessary to obtain a NGBS Green Certification, regardless of the rating level achieved (i.e. Bronze, Silver, Gold, or Emerald).

(-d-) 2018 International Green Construction Code.

(iii) Energy and Water Efficiency Features include:

- (I) Energy-Star or equivalently rated refrigerator with icemaker (0.5 point);
- (II) Energy-Star or equivalently rated laundry equipment (washers and dryers) for each individual Unit; must be front loading washer and dryer in required accessible Units (2 points);
- (III) Recessed LED lighting or LED lighting fixtures in kitchen and living areas (1 point);
- (IV) Energy-Star or equivalently rated ceiling fans in all Bedrooms (0.5 point);
- (V) EPA WaterSense or equivalent qualified toilets in all bathrooms (0.5 point);
- (VI) EPA WaterSense or equivalent qualified showerheads and faucets in all bathrooms (0.5 point);
- (VII) 15 SEER HVAC, or in Region 13, an efficient evaporative cooling system. For Rehabilitation (excluding Reconstruction) where such systems are not being replaced as part of the scope of work, a radiant barrier in the attic is provided (1 point);
- (VIII) 16 SEER HVAC, for New Construction or Rehabilitation (1.5 points); and
- (IX) A rainwater harvesting/collection system or locally approved greywater collection system (0.5 points).
- (X) Wi-Fi enabled, Energy Star or equivalently rated “smart” thermostats installed in all units (1 point); and
- (XI) Solar panels installed, with a sufficient number of panels to reach a rated power output of at least 300 watts for each Low-Income unit (2 points).

EXHIBIT C

TENANT SUPPORTIVE SERVICES [NTD: SUBJECT TO UPDATE]

The tenant supportive services to be provided must include at least eight (8) points selected from the following list which are grouped primarily for organizational purposes. The Borrower is not required to select a specific number of services from each section. The Borrower may change, from time to time, the services offered; however, the overall points as selected at Application must remain the same. Should the Issuer's rules in subsequent years provide different services than those listed below, the Borrower may be allowed to select services listed therein upon written consent from the Issuer, and any services selected must be of similar value to the service the Borrower is intending to replace. The services provided should be those that will directly benefit the Target Population of the Development. Tenants must be provided written notice of the elections made by the Borrower.

(A) Transportation Supportive Services include:

- (i) shuttle, at least three days a week, to a grocery store and pharmacy or a major, big-box retailer that includes a grocery store and pharmacy, OR a daily shuttle, during the school year, to and from nearby schools not served by a school bus system for children who live at the Development (3.5 points); and
- (ii) monthly transportation to community/social events such as mall trips, community theatre, bowling, organized tours, etc. (1 point).

(B) Children Supportive Services include:

- (i) provide a High Quality Pre-Kindergarten (HQ Pre-K) program and associated educational space at the Development Site meeting the requirements of §11.101(b)(5)(C)(i)(I). (Half of the points required under §11.101(b)(7)); and
- (ii) Twelve hours of weekly, organized, on-site services provided to K-12 children by a dedicated service coordinator or third-party entity. Services include after-school and summer care and tutoring, recreational activities, character building programs, mentee opportunities, test preparation, and similar activities that promote the betterment and growth of children and young adults (3.5 points).

(C) Adult Supportive Services include:

- (i) Four hours of weekly, organized, in-person, hybrid, or virtual classes accessible to participants from a common area on site to an adult audience by persons skilled or trained in the subject matter being presented, such as English as a second language classes, computer training, financial literacy courses, homebuyer counseling, health education courses, certification courses, GED preparation classes, resume and interview preparatory classes, general presentations about community services and resources, and any other course, class, or presentation that may equip residents with new skills that they may wish to develop (3.5 points);
- (ii) annual income tax preparation (offered by an income tax prep service) or IRS-certified VITA (Volunteer Income Tax Assistance) program (offered by a qualified individual) that also emphasizes how to claim the Earned Income Tax Credit (1 point);
- (iii) contracted career training and placement partnerships with local worksource offices, culinary programs, or vocational counseling services; may include resident training programs that train and hire residents for job opportunities inside the development in areas like leasing, tenant services, maintenance, landscaping, or food and beverage operation (2 points);

(iv) external partnerships for provision of weekly substance abuse meetings at the Development Site (1 point);

(v) reporting rent payments to credit bureaus for any resident who affirmatively elects to participate, which will be a requirement of the LURA for the duration of the Affordability Period (2 points);and

(vi) participating in a non-profit healthcare job training and placement service that includes case management support and other need-based wraparound services to reduce barriers to employment and support Texas healthcare institution workforce needs (2 points).

(D) Health Supportive Services include:

(i) food pantry consisting of an assortment of non-perishable food items and common household items (i.e. laundry detergent, toiletries, etc.) accessible to residents at least on a monthly basis or upon request by a resident. While it is possible that transportation may be provided to a local food bank to meet the requirement of this resident service, the resident must not be required to pay for the items they receive at the food bank (2 points);

(ii) annual health fair provided by a health care professional (1 point);

(iii) weekly exercise classes (offered at times when most residents would be likely to attend) (2 points); and

(iv) contracted onsite occupational or physical therapy services for Elderly Developments or Developments where the service is provided for Persons with Disabilities and documentation to that effect can be provided for monitoring purposes (2 points).

(E) Community Supportive Services include:

(i) partnership with local law enforcement or local first responders to provide quarterly on-site social and interactive activities intended to foster relationships with residents (such activities could include playing sports, having a cook-out, swimming, card games, etc.) (2 points);

(ii) Notary Services during regular business hours (§2306.6710(b)(3)) (1 point);

(iii) twice monthly arts, crafts, and other recreational activities (e.g. Book Clubs and creative writing classes) (1 point);

(iv) twice monthly on-site social events (i.e. potluck dinners, game night, sing-a-longs, movie nights, birthday parties, holiday celebrations, etc.) (1 point);

(v) specific service coordination services offered by a qualified owner or developer, qualified provider or through external, contracted parties for seniors, Persons with Disabilities or Supportive Housing (3 points);

(vi) weekly home chore services (such as valet trash removal, assistance with recycling, furniture movement, etc., and quarterly preventative maintenance including light bulb replacement) for Elderly Developments or Developments where the service is provided for Persons with Disabilities and documentation to that effect can be provided for monitoring purposes (2 points);

(vii) any of the programs described under Title IV-A of the Social Security Act (42 U.S.C. §§601, et seq.) which enables children to be cared for in their homes or the homes of relatives; ends the dependence of needy families on government benefits by promoting job preparation, work and marriage; prevents and reduces the incidence of unplanned pregnancies; and encourages the formation and maintenance of two-parent families (1 point);

(viii) a part-time resident services coordinator with a dedicated office space at the Development or a contract with a third-party to provide the equivalent of 15 hours or more of weekly resident supportive services at the Development (2 points); and

(ix) provision, by either the Borrower or a community partner, of an education tuition- or savings-match program or scholarships to residents who may attend college (2 points).

EXHIBIT D
RESERVED

EXHIBIT E



TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

www.tdhca.texas.gov

Greg Abbott
GOVERNOR

BOARD MEMBERS
Leo Vasquez, *Chair*
Kenny Marchant, *Vice Chair*
Anna Maria Farias, *Member*
Cindy Conroy, *Member*
Holland Harper, *Member*
Ajay Thomas, *Member*

**Multi Family Mortgage Revenue Bond
Qualified Project Period**

The Texas Department of Housing and Community Affairs require the information in Sections A and B below to compute the Qualified Project Period for Mortgage Revenue Bond properties. Please complete the form as the appropriate dates are identified. Upload this form in TDHCA's Compliance Monitoring Tracking System (CMTS) to the attention of Charles Stites immediately after the property reaches the 50% Occupancy Date.

Section A

Property Name	
Address	
Contact Name	
Contact Phone #	

Section B

Initial Bond Closing Date	
Date First Unit Occupied	
10% Occupancy Date	
50% Occupancy Date	
50% Occupancy Date + 15 years	

Signature _____ Date _____

Printed Name _____ Title _____



SERIES A-1 PROMISSORY NOTE

AFTER THE ENDORSEMENT AS HEREON PROVIDED AND PLEDGE OF THIS NOTE, THIS NOTE MAY NOT BE ASSIGNED, PLEDGED, ENDORSED OR OTHERWISE TRANSFERRED EXCEPT TO AN ASSIGNEE OR SUCCESSOR OF THE TRUSTEE IN ACCORDANCE WITH THE INDENTURE, BOTH REFERRED TO HEREIN.

\$[_____]

[CLOSING DATE]

FOR VALUE RECEIVED, LDG The Ridge at Loop 12, LP, a limited partnership duly formed and validly existing under the laws of the State of Texas (the “**Borrower**”), by this promissory note hereby promises to pay to the order of the Texas Department of Housing and Community Affairs (the “**Issuer**”) the principal sum of [_____] DOLLARS (\$[_____]), together with interest on the Outstanding principal amount hereof, from the Closing Date (as defined in the Indenture referenced below) until paid in full, at a rate per annum equal to the applicable rate of interest borne by the 2025A-1 Bonds (as hereinafter defined), and acceleration premium, if any, on the 2025A-1 Bonds. All such payments of principal, interest and acceleration premium, if any, shall be made in funds which shall be immediately available on the due date of such payments and in lawful money of the United States of America at the designated corporate trust office of BOKF, NA (the “**Trustee**”), or its successor as trustee under the below-defined Indenture.

The principal amount and interest shall be payable on the dates and in the amounts that principal and redemption price of, and interest on the 2025A-1 Bonds, and the acceleration premium, if any, are payable, subject to prepayment as provided in the Indenture and the Agreement.

This promissory note is the “Series A-1 Promissory Note” referred to in the Loan Agreement, dated as of [March 1], 2025 (as the same may be amended, modified or supplemented from time to time, the “**Agreement**”) between the Borrower and the Issuer, the terms, conditions and provisions of which are hereby incorporated by reference. Capitalized terms not otherwise defined herein shall have the meanings set forth in the Agreement and the Indenture (as hereafter defined).

This Note and the payments required to be made hereunder are irrevocably assigned, without recourse, representation or warranty, and pledged to the Trustee under the Indenture of Trust, dated as of [March 1], 2025 (as the same may be amended, modified or supplemented from time to time, the “**Indenture**”), by and between the Issuer and the Trustee, and such payments will be made directly to the Trustee for the account of the Issuer pursuant to such assignment. Such assignment is made as security for the payment of the Issuer’s \$[_____] Multifamily Housing Revenue Bonds (The Ridge at Loop 12) Series 2025A-1 (the “**2025A-1 Bonds**”), issued by the Issuer pursuant to the Indenture. All the terms, conditions and provisions of the Indenture and the 2025A-1 Bonds are hereby incorporated as a part of this Note.

The obligations of the Borrower to pay any and all amounts due on this Note is a non-recourse obligation as provided in Section 10.13 of the Agreement.

Under certain circumstances, the Borrower may at its option and may be required to, prepay all or any part of the amount due on this Note, together with accrued interest thereon, as provided in the Agreement.

Presentation, demand, protest, notice of dishonor, notice of acceleration, notice of intent to demand or accelerate payment or maturity presentment for payment, notice of nonpayment, and grace and diligence in collecting amounts owed hereunder, are hereby expressly waived by the Borrower and all endorsers and Guarantors of this Note.

The Borrower hereby promises to pay reasonable costs of collection and reasonable attorneys' fees in case of default on this Note, together with interest thereon at the Default Rate if applicable.

This Note shall be governed by, and construed in accordance with, the laws of State of Texas, without regard to conflict of laws principles.

LDG THE RIDGE AT LOOP 12, LP, a Texas limited partnership

By: DHFC The Ridge at Loop 12 GP, LLC, a Texas limited liability company, its general partner

By: City of Dallas Housing Finance Corporation, a Texas public, nonprofit housing finance corporation, its sole member

By: _____
Name: Aaron Eaquinto
Title: General Manager

ENDORSEMENT

Pay to the order of BOKF, NA, without recourse, as Trustee under the Indenture referred to in the within mentioned Agreement, as security for such 2025A-1 Bonds issued under such Indenture. This endorsement is given without any warranty as to the authority or genuineness of the signature of the maker of the Note.

**TEXAS DEPARTMENT OF HOUSING AND
COMMUNITY AFFAIRS, as Issuer**

By: _____

Name: James B. "Beau" Eccles

Title: Secretary to Board

Dated: _____, 20__

SERIES A-2 PROMISSORY NOTE

AFTER THE ENDORSEMENT AS HEREON PROVIDED AND PLEDGE OF THIS NOTE, THIS NOTE MAY NOT BE ASSIGNED, PLEDGED, ENDORSED OR OTHERWISE TRANSFERRED EXCEPT TO AN ASSIGNEE OR SUCCESSOR OF THE TRUSTEE IN ACCORDANCE WITH THE INDENTURE, BOTH REFERRED TO HEREIN.

\$_[_____]

[CLOSING DATE]

FOR VALUE RECEIVED, LDG The Ridge at Loop 12, LP, a limited partnership duly formed and validly existing under the laws of the State of Texas (the “**Borrower**”), by this promissory note hereby promises to pay to the order of the Texas Department of Housing and Community Affairs (the “**Issuer**”) the principal sum of [_____] DOLLARS (\$[_____]), together with interest on the Outstanding principal amount hereof, from the Closing Date (as defined in the Indenture referenced below) until paid in full, at a rate per annum equal to the applicable rate of interest borne by the 2025A-2 Bonds (as hereinafter defined), and acceleration premium, if any, on the 2025A-2 Bonds. All such payments of principal, interest and acceleration premium, if any, shall be made in funds which shall be immediately available on the due date of such payments and in lawful money of the United States of America at the designated corporate trust office of BOKF, NA (the “**Trustee**”), or its successor as trustee under the below-defined Indenture.

The principal amount and interest shall be payable on the dates and in the amounts that principal and redemption price of, and interest on the 2025A-2 Bonds, and the acceleration premium, if any, are payable, subject to prepayment as provided in the Indenture and the Agreement.

This promissory note is the “Series A-2 Promissory Note” referred to in the Loan Agreement, dated as of [March 1], 2025 (as the same may be amended, modified or supplemented from time to time, the “**Agreement**”) between the Borrower and the Issuer, the terms, conditions and provisions of which are hereby incorporated by reference. Capitalized terms not otherwise defined herein shall have the meanings set forth in the Agreement and the Indenture (as hereafter defined).

This Note and the payments required to be made hereunder are irrevocably assigned, without recourse, representation or warranty, and pledged to the Trustee under the Indenture of Trust, dated as of [March 1], 2025 (as the same may be amended, modified or supplemented from time to time, the “**Indenture**”), by and between the Issuer and the Trustee, and such payments will be made directly to the Trustee for the account of the Issuer pursuant to such assignment. Such assignment is made as security for the payment of the Issuer’s \$[_____] Multifamily Housing Revenue Bonds (The Ridge at Loop 12) Series 2025A-2 (the “**2025A- 2 Bonds**”), issued by the Issuer pursuant to the Indenture. All the terms, conditions and provisions of the Indenture and the 2025A-2 Bonds are hereby incorporated as a part of this Note.

The obligations of the Borrower to pay any and all amounts due on this Note is a non-recourse obligation as provided in Section 10.13 of the Agreement.

Under certain circumstances, the Borrower may at its option and may be required to, prepay all or any part of the amount due on this Note, together with accrued interest thereon, as provided in the Agreement.

Presentation, demand, protest, notice of dishonor, notice of acceleration, notice of intent to demand or accelerate payment or maturity presentment for payment, notice of nonpayment, and grace and diligence in collecting amounts owed hereunder, are hereby expressly waived by the Borrower and all endorsers and Guarantors of this Note.

The Borrower hereby promises to pay reasonable costs of collection and reasonable attorneys' fees in case of default on this Note, together with interest thereon at the Default Rate if applicable.

This Note shall be governed by, and construed in accordance with, the laws of State of Texas, without regard to conflict of laws principles.

LDG THE RIDGE AT LOOP 12, LP, a Texas limited partnership

By: DHFC The Ridge at Loop 12 GP, LLC, a Texas limited liability company, its general partner

By: City of Dallas Housing Finance Corporation, a Texas public, nonprofit housing finance corporation, its sole member

By: _____
Name: Aaron Eaquinto
Title: General Manager

ENDORSEMENT

Pay to the order of BOKF, NA, without recourse, as Trustee under the Indenture referred to in the within mentioned Agreement, as security for such 2025A-2 Bonds issued under such Indenture. This endorsement is given without any warranty as to the authority or genuineness of the signature of the maker of the Note.

**TEXAS DEPARTMENT OF HOUSING AND
COMMUNITY AFFAIRS, as Issuer**

By: _____

Name: James B. "Beau" Eccles

Title: Secretary to Board

Dated: _____, 20__

SERIES B PROMISSORY NOTE

AFTER THE ENDORSEMENT AS HEREON PROVIDED AND PLEDGE OF THIS NOTE, THIS NOTE MAY NOT BE ASSIGNED, PLEDGED, ENDORSED OR OTHERWISE TRANSFERRED EXCEPT TO AN ASSIGNEE OR SUCCESSOR OF THE TRUSTEE IN ACCORDANCE WITH THE INDENTURE, BOTH REFERRED TO HEREIN.

\$[_____]

[CLOSING DATE]

FOR VALUE RECEIVED, LDG The Ridge at Loop 12, LP, a limited partnership duly formed and validly existing under the laws of the State of Texas (the “**Borrower**”), by this promissory note hereby promises to pay to the order of the Texas Department of Housing and Community Affairs (the “**Issuer**”) the principal sum of [_____] DOLLARS (\$[_____]), together with interest on the Outstanding principal amount hereof, from the Closing Date (as defined in the Indenture referenced below) until paid in full, at a rate per annum equal to the applicable rate of interest borne by the 2025B Bonds (as hereinafter defined), and acceleration premium, if any, on the 2025B Bonds. All such payments of principal, interest and acceleration premium, if any, shall be made in funds which shall be immediately available on the due date of such payments and in lawful money of the United States of America at the designated corporate trust office of BOKF, NA (the “**Trustee**”), or its successor as trustee under the below-defined Indenture.

The principal amount and interest shall be payable on the dates and in the amounts that principal and redemption price of, and interest on the 2025B Bonds, and the acceleration premium, if any, are payable, subject to prepayment as provided in the Indenture and the Agreement.

This promissory note is the “Series A-2 Promissory Note” referred to in the Loan Agreement, dated as of [March 1], 2025 (as the same may be amended, modified or supplemented from time to time, the “**Agreement**”) between the Borrower and the Issuer, the terms, conditions and provisions of which are hereby incorporated by reference. Capitalized terms not otherwise defined herein shall have the meanings set forth in the Agreement and the Indenture (as hereafter defined).

This Note and the payments required to be made hereunder are irrevocably assigned, without recourse, representation or warranty, and pledged to the Trustee under the Indenture of Trust, dated as of [March 1], 2025 (as the same may be amended, modified or supplemented from time to time, the “**Indenture**”), by and between the Issuer and the Trustee, and such payments will be made directly to the Trustee for the account of the Issuer pursuant to such assignment. Such assignment is made as security for the payment of the Issuer’s \$[_____] Multifamily Housing Revenue Bonds (The Ridge at Loop 12) Taxable Series 2025B (the “**2025B Bonds**”), issued by the Issuer pursuant to the Indenture. All the terms, conditions and provisions of the Indenture and the 2025B Bonds are hereby incorporated as a part of this Note.

The obligations of the Borrower to pay any and all amounts due on this Note is a non-recourse obligation as provided in Section 10.13 of the Agreement.

Under certain circumstances, the Borrower may at its option and may be required to, prepay all or any part of the amount due on this Note, together with accrued interest thereon, as provided in the Agreement.

Presentation, demand, protest, notice of dishonor, notice of acceleration, notice of intent to demand or accelerate payment or maturity presentment for payment, notice of nonpayment, and grace and diligence in collecting amounts owed hereunder, are hereby expressly waived by the Borrower and all endorsers and Guarantors of this Note.

The Borrower hereby promises to pay reasonable costs of collection and reasonable attorneys' fees in case of default on this Note, together with interest thereon at the Default Rate if applicable.

This Note shall be governed by, and construed in accordance with, the laws of State of Texas, without regard to conflict of laws principles.

LDG THE RIDGE AT LOOP 12, LP, a Texas limited partnership

By: DHFC The Ridge at Loop 12 GP, LLC, a Texas limited liability company, its general partner

By: City of Dallas Housing Finance Corporation, a Texas public, nonprofit housing finance corporation, its sole member

By: _____
Name: Aaron Eaquinto
Title: General Manager

ENDORSEMENT

Pay to the order of BOKF, NA, without recourse, as Trustee under the Indenture referred to in the within mentioned Agreement, as security for such 2025B Bonds issued under such Indenture. This endorsement is given without any warranty as to the authority or genuineness of the signature of the maker of the Note.

**TEXAS DEPARTMENT OF HOUSING AND
COMMUNITY AFFAIRS, as Issuer**

By: _____
Name: James B. "Beau" Eccles
Title: Secretary to Board

Dated: _____, 20__

REPLACEMENT RESERVE AND SECURITY AGREEMENT

between

LDG THE RIDGE AT LOOP 12, LP

and

BOKF, NA, as trustee

Dated as of [March 1, 2025]

Relating to:

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

**[\$_____]
Multifamily Housing Revenue Bonds
(The Ridge at Loop 12)
Series 2025A-1**

**[\$_____]
Multifamily Housing Revenue Bonds
(The Ridge at Loop 12)
Series 2025A-2**

**[\$_____]
Multifamily Housing Revenue Bonds
(The Ridge at Loop 12)
Taxable Series 2025B**

REPLACEMENT RESERVE AND SECURITY AGREEMENT

This **REPLACEMENT RESERVE AND SECURITY AGREEMENT** dated as of [March 1, 2025] (as amended, modified or supplemented from time to time, this “**Agreement**”) by **LDG THE RIDGE AT LOOP 12, LP**, a limited partnership organized and existing under the laws of the State of Texas (together with its successors and assigns, the “**Borrower**”), for the benefit of **BOKF, NA**, a national banking association, as trustee under the Indenture (as herein defined) (together with any successor trustee under the Indenture and their respective successors and assigns, the “**Trustee**”),

WITNESSETH:

WHEREAS, Borrower is the owner of a multifamily apartment facility known as “The Ridge at Loop 12” in Dallas, Texas (the “**Project Facilities**”), the acquisition and construction of which is being financed by the proceeds of certain Bonds known as Multifamily Housing Revenue Bonds (The Ridge at Loop 12) Series 2025A-1 in the maximum principal amount of \$[SERIES A-1 PRINCIPAL] (the “**2025A-1 Bonds**”), Multifamily Housing Revenue Bonds (The Ridge at Loop 12) Series 2025A-2 in the maximum principal amount of \$[SERIES A-2 PRINCIPAL] (the “**2025A-2 Bonds**” and together with the 2025A-1 Bonds, the “**Tax-Exempt Bonds**”), and Multifamily Housing Revenue Bonds (The Ridge at Loop 12) Taxable Series 2025B in the maximum principal amount of \$[SERIES B PRINCIPAL] (the “**2025B Bonds**”, and together with the Tax-Exempt Bonds, the “**Bonds**”), issued by the Texas Department of Housing and Community Affairs, a public and official agency of the State of Texas (the “**Issuer**”), pursuant to a certain Indenture of Trust, dated as of [March 1, 2025], between the Issuer and the Trustee (as amended, modified or supplemented from time to time, the “**Indenture**”);

WHEREAS, the proceeds of the Bonds have been loaned to the Borrower pursuant to a Loan Agreement dated as of [March 1, 2025], by and between the Issuer and Borrower (as amended, modified or supplemented from time to time, the “**Loan Agreement**”);

WHEREAS, it is a condition precedent to the issuance and sale of the Bonds that the Borrower enter into this Agreement and make certain deposits with the Trustee as provided in this Agreement; and

WHEREAS, all deposits required by this Agreement shall be additional security for all of the Borrower’s obligations under the Loan Agreement and the other Bond Documents.

NOW, THEREFORE, in consideration of the foregoing and the mutual promises contained in this Agreement, the receipt and sufficiency of which are hereby acknowledged and intending to be legally bound hereby, the Borrower and the Trustee agree as follows:

Section 1. Deposits to the Replacement Reserve.

(a) Commencing on the first Business Day of the month following the Stabilization Date, and on the first Business Day of each month thereafter while the Bonds are outstanding, Borrower shall pay to the Trustee for deposit into the Replacement Reserve Fund established under the Indenture (the “**Replacement Reserve Fund**”) an

amount equal to the sum of the Unit Reserve Amount to be deposited in the Replacement Reserve Fund. For purposes hereof, the “**Unit Reserve Amount**” shall mean an amount equal to one twelfth (1/12th) of the product of \$400 times the number of units at the Project Facilities or such higher amount as may be required by the Engineering Consultant, the [Equity Investor] or pursuant to the Annual Budget as described in the Loan Agreement. In addition, on [_____, 20__] and on January 1 of each year thereafter, the Unit Reserve Amount shall be increased by three percent (3%).

(b) The monthly deposits and all other funds in the Replacement Reserve Fund are referred to collectively as the “Replacement Reserve.” The Controlling Person shall have the sole right, in its reasonable discretion, to approve withdrawals from the Replacement Reserve Fund.

Section 2. Physical Needs Assessments. No earlier than the sixth (6th) month before, and no later than the ninth (9th) month after, the fifth (5th) anniversary of the Completion Date and each fifth (5th) anniversary thereafter, the Controlling Person may perform a physical needs assessment of the Project Facilities at the expense of the Borrower, which expense may be paid out of the Replacement Reserve. If determined necessary by the Controlling Person after review of the physical needs assessment, the Borrower’s required monthly deposits to the Replacement Reserve set forth above shall be adjusted, effective upon not less than thirty (30) days prior written notice to the Borrower specifying the basis for such adjustment, for the remaining Loan term, to an amount that will cover the monthly deposits to maintain a Replacement Reserve that will in the Controlling Person’s determination, be sufficient to meet required Replacements (defined below).

Section 3. Replacement Reserve as Additional Security. The Borrower assigns and pledges to the Trustee, and grants the Trustee a security interest in, all of the Borrower’s right, title and interest in and to the Replacement Reserve and all amounts held therein and all of the Borrower’s rights thereto as additional security for all of the Borrower’s obligations under the Loan Agreement and other Bond Documents; provided, however, the Controlling Person shall cause the Trustee to make disbursements from the Replacement Reserve Fund in accordance with the terms of this Agreement. Upon the request of the Trustee and/or the Controlling Person, the Borrower shall take all action reasonably necessary to protect and preserve such security interests in favor of the Trustee. The Borrower shall execute and deliver to the Trustee any instrument the Trustee or the Controlling Person shall reasonably request to further evidence the creation of or to perfect such pledge and security interest. The Trustee shall have all of the rights of a secured party under the Texas Uniform Commercial Code, including, without limitation, the right to foreclose the security interest created by this Agreement.

Section 4. Disbursements from Replacement Reserve Fund.

(a) Upon written request from the Borrower and satisfaction of the requirements set forth in Sections 4 and 5 of this Agreement, the Controlling Person shall direct the Trustee to disburse to Borrower amounts from the Replacement Reserve Fund necessary to reimburse Borrower for the actual approved costs of capital expenditures at the Project Facilities (collectively, the “Replacements”). The Controlling Person and the Trustee shall not be obligated to make disbursements or cause disbursements to be made from the Replacement Reserve Fund to reimburse Borrower for the costs of routine

maintenance to the Project Facilities. In no event shall the Controlling Person be obligated to approve disbursements to be made from the Replacement Reserve Fund if a Default or Event of Default exists under this Agreement, the Loan Agreement or any of the Bond Documents.

(b) Each request for disbursement from the Replacement Reserve Fund shall be in a form specified or approved by the Controlling Person and shall include (i) the specific Replacements for which the disbursement is requested, (ii) the quantity and price of each item purchased, if the Replacement includes the purchase or replacement of specific items, (iii) the price of all materials (grouped by type or category) used in any Replacement other than the purchase or replacement of specific items, and (iv) the cost of all contracted labor or other services applicable to each Replacement for which such request for disbursement is made. With each request, the Borrower shall certify that all Replacements have been made in accordance with all applicable laws, ordinances, and regulations of any governmental office or authority having jurisdiction over the Project Facilities. Each request for disbursement shall include copies of invoices for all items or materials purchased and all contracted labor or services provided and, unless the Controlling Person has agreed to direct the Trustee to issue joint checks pursuant to Section 4(d) in connection with a particular Replacement, each request shall include evidence satisfactory to the Controlling Person of payment of all such amounts.

(c) Except as otherwise provided in Subsection (d) hereof, each request for disbursement from the Replacement Reserve Fund shall be made only after completion of the Replacement for which disbursement is requested. Borrower shall provide the Controlling Person evidence satisfactory to the Controlling Person in its reasonable judgment, of completion.

(d) If the cost of a Replacement exceeds \$50,000 and the contractor performing the Replacement requires periodic payments pursuant to the terms of a written contract, the Controlling Person at its reasonable discretion may approve in writing periodic payments for work performed under such contract. A request for reimbursement from the Replacement Reserve may be made after completion of a portion of the work under such contract, provided (i) such contract requires payment upon completion of such portion of work, (ii) the materials for which the request is made are on site at the Project Facilities and are properly secured or have been installed in the Project Facilities, (iii) all other conditions in this Agreement for disbursement have been satisfied, (iv) Trustee has confirmed with the Controlling Person that funds remaining in the Replacement Reserve Fund are, in the Controlling Person's judgment, sufficient to complete such Replacement and the other Replacements when required, and (v) if required by the Controlling Person, each contractor or subcontractor receiving payments under such contract shall provide a waiver or release of lien with respect to amounts which have been paid to that contractor or subcontractor.

(e) Except with the consent of the Controlling Person, which shall not be unreasonably withheld or delayed, Borrower shall not make a request for disbursement from the Replacement Reserve Fund more frequently than once in any quarter and (except

in connection with the final disbursement) the total cost of all Replacements in any request shall not be less than \$10,000.

(f) In the event Borrower requests a disbursement from the Replacement Reserve Fund to reimburse Borrower for labor or materials for replacements other than the Replacements specified in the Annual Budget, Borrower shall disclose in writing to the Controlling Person why funds in the Replacement Reserve should be used to pay for such replacements. If the Controlling Person determines that such replacements are of the type intended to be covered by this Agreement, the costs for such replacements are reasonable, and all other conditions for disbursement under this Agreement have been met, the Controlling Person may at its discretion disburse funds or cause funds to be disbursed from the Replacement Reserve Fund.

Section 5. Performance of Replacements.

(a) Borrower shall make each Replacement when required in order to keep the Project Facilities in good order and repair and in a good marketable condition and to keep the Project Facilities or any portion thereof from deteriorating. Borrower shall complete all Replacements in a good and workmanlike manner as soon as practicable following the commencement of making each such Replacement.

(b) The Controlling Person shall have the right to approve all contracts or work orders with materialmen, mechanics, suppliers, subcontractors, contractors or other parties providing labor or materials in connection with the Replacements, provided that such approval shall not be unreasonably, withheld, conditioned or delayed. Upon the Controlling Person's written request, Borrower shall assign any contract or subcontract in connection with the Replacements to the Trustee and/or the Controlling Person and shall obtain the consent of the contractor or subcontractor to such assignment.

(c) In the event the Controlling Person reasonably determines that any Replacement is not being performed or completed in a workmanlike or timely manner and that such failure to perform or complete such Replacement in a workmanlike or timely manner could: (i) result in any harm to the Controlling Person, tenants, or third parties; (ii) or impair the security given under this Agreement, the Loan Agreement or the Bond Documents, the Controlling Person shall have the option to direct the Trustee to withhold disbursement for such unsatisfactory Replacement, and may direct the Trustee to proceed under existing contracts or contract with third parties to complete such Replacement and to apply the Replacement Reserve toward the labor and materials necessary to complete such Replacement, without providing any prior notice to Borrower and to exercise any and all other remedies available to the Controlling Person upon a default or Event of Default, as provided in Section 9.

(d) If, at any time during the term of this Agreement, the Controlling Person reasonably determines that replacements are advisable to keep the Project Facilities in good order and repair and in a good marketable condition, or to prevent deterioration of the Project Facilities (the "Additional Replacements"), the Controlling Person may direct the Trustee to send Borrower written notice of the need for making such Additional

Replacements. Borrower shall promptly commence making such Additional Replacements in accordance with the requirements of this Agreement. All references in this Agreement to “Replacements” shall include the “Additional Replacements.”

(e) If Borrower fails to reasonably commence and diligently pursue completion of such Replacements following written notice from the Controlling Person or from the Trustee at the direction of the Controlling Person, then, in order to facilitate such completion pursuant to Sections 5(c) and (d) above, the Controlling Person is granted the right to enter onto the Project Facilities after reasonable notice during normal business hours and perform any and all work and labor necessary to complete or make the Replacements and employ watchmen to protect the Project Facilities from damage. All sums so expended by the Controlling Person shall be deemed to have been advanced to Borrower and secured by the Mortgage (as defined in the Loan Agreement). Solely for this purpose Borrower constitutes and appoints the Controlling Person its true and lawful attorney(ies)-in-fact with full power of substitution to undertake the Replacements in the name of Borrower. Borrower empowers said attorney-in-fact as follows: (i) to use any funds in the Replacement Reserve Fund for the purpose of making or completing the Replacements; (ii) to make such additions, changes and corrections to the Replacements as shall be necessary or desirable to complete the Replacements; (iii) to employ such contractors, subcontractors, agents, architects and inspectors as shall be required for such purposes; (iv) to pay, settle or compromise all existing bills and claims which are or may become liens against the Project Facilities, or as may be necessary or desirable for the completion of the Replacements, or for the clearance of title; (v) to execute all applications and certificates in the name of Borrower which may be required by any of the contract documents; (vi) to prosecute and defend all actions or proceedings in connection with the Project Facilities or the rehabilitation and repair of the Project Facilities; and (vii) to do any and every act which Borrower might do in its own behalf to fulfill the terms of this Agreement. It is further understood and agreed that this power of attorney, which shall be deemed to be a power coupled with an interest, cannot be revoked. Borrower specifically agrees that all power granted to the Controlling Person under this Agreement may be assigned to any successor Controlling Person. Notwithstanding anything contained herein to the contrary failure by Borrower to perform or comply with any of the other terms or conditions contained in this Section 5 and continuation of such failure for thirty (30) days after written notice from the Trustee at the direction of the Controlling Person or the Controlling Person to Borrower (or such longer period to which the Controlling Person may agree in the case of a default not curable by the exercise of due diligence within such thirty (30) day period, provided that Borrower shall have commenced, a cure of such default within such thirty (30) day period and shall complete, or cause to be completed, such cure as quickly as reasonably possible with the exercise of due diligence) shall constitute an Event of Default.

(f) Nothing in this Section 5 shall make the Controlling Person responsible for making or completing the Replacements, require the Controlling Person to expend funds in addition to the Replacement Reserve to make or complete any Replacement, obligate the Controlling Person to proceed with the Replacements, or obligate the Controlling Person to demand from Borrower additional sums to make or complete any Replacement. Trustee shall exercise the rights set forth in Section 5 only at the direction of the Controlling

Person and subject to the indemnities and immunities provided to the Trustee under the Bond Documents.

Section 6. Entry Onto Project Facilities; Inspections.

(a) Borrower shall permit the Controlling Person and its representatives (including an independent person such as an engineer, architect, or inspector) or third parties making Replacements pursuant to Section 5 of this Agreement, to enter onto the Project Facilities during normal business hours (subject to the rights of tenants under their leases) after reasonable notice to inspect the progress of any Replacements and all materials being used in connection therewith, to examine all plans and shop drawings relating to such Replacements which are or may be kept at the Project Facilities, and to complete any replacements made pursuant to Section 5. Borrower agrees to cause all contractors and subcontractors reasonably to cooperate with the Controlling Person and their representatives or such other persons described above in connection with inspections described in this Section 6 or the completion of Replacements pursuant to Section 5.

(b) The Controlling Person may inspect (subject to the rights of tenants under their leases) the Project Facilities in connection with any Replacement prior to disbursing funds from the Replacement Reserve. The Controlling Person, at Borrower's expense, also may require an inspection by an appropriate independent qualified professional selected by the Controlling Person all in accordance with the procedures and requirements of the Loan Agreement.

Section 7. Lien-Free Completion.

(a) Borrower covenants and agrees that each of the Replacements and all materials, equipment, fixtures, or any other item comprising a part of any Replacement shall be constructed, installed or completed, as applicable, free and clear of all mechanics', materialmen's or other vendor liens.

(b) As a condition of each disbursement from the Replacement Reserve Fund, the Controlling Person may require Borrower to provide the Controlling Person with a search of title to the Project Facilities effective to the date of the release, which search shows that no mechanics' or materialmen's liens or other liens of any nature have been placed against the Project Facilities since the date of this Agreement, and that title to the Project Facilities is free and clear of all liens (other than the lien of the Mortgage and any other Permitted Encumbrances, and any other liens previously approved in writing by the Controlling Person, if any).

(c) In addition, as a condition to any disbursement, the Controlling Person may require Borrower to obtain from each contractor, subcontractor, or materialman an acknowledgement of payment and release of lien for work performed and materials supplied (or a release conditioned only upon payment to be made from the disbursement). Any such acknowledgement and release shall conform to the requirements of applicable law and shall cover all work performed and materials supplied (including equipment and fixtures) for the Project Facilities by that contractor, subcontractor or materialman through

the date covered by the current reimbursement request (or, in the event that payment to such contractor, subcontractor or materialmen is to be made by a check payable jointly to both Borrower and such contractor, subcontractor, or materialmen, the release of lien shall be effective through the date covered by the previous release of funds request).

Section 8. Compliance with Laws and Insurance Requirements.

(a) All Replacements shall comply with all applicable laws, ordinances, rules and regulations of all governmental authorities having jurisdiction over the Project Facilities and applicable insurance requirements including, without limitation, applicable building codes, special use permits upon the written request from the Trustee or Controlling Person, environmental regulations, and requirements of insurance underwriters.

(b) In addition to any insurance required under the Mortgage, Borrower shall provide or cause to be provided worker's compensation insurance, builder's risk, and public liability insurance and other insurance to the extent required under applicable law in connection with a particular Replacement. All such policies shall be in form and amount satisfactory to the Controlling Person in the exercise of its reasonable discretion. All such policies which can be endorsed with standard mortgagee clauses making loss payable to Trustee or its assigns shall be so endorsed. Certificates evidencing such coverage shall be delivered to the Controlling Person (or upon request based upon the need thereof, originals of such policies).

Section 9. Default.

(a) Borrower shall be in default under this Agreement if it fails to comply with any provision of this Agreement and such failure is not cured within thirty (30) days after notice to Borrower or if such default is not curable within thirty (30) days, Borrower shall not have promptly commenced and diligently pursued the cure within such thirty (30) day period. Borrower understands that a default under this Agreement shall be deemed to be an Event of Default under the Loan Agreement, the Mortgage and the other Bond Documents and that in addition to the remedies specified in this Agreement, the Trustee, pursuant to the direction of the Controlling Person, shall be able to exercise all of its rights and remedies under the Loan Agreement, the Mortgage and the other Bond Documents upon an Event of Default. The notice and cure period set forth in this Agreement shall not be deemed to be in addition to the notice and cure period set forth in the Loan Agreement.

(b) Upon the occurrence of a default under this Agreement or an Event of Default under the Loan Agreement or the Bond Documents, Borrower shall immediately lose all of its rights to receive disbursements from the Replacement Reserve Fund unless and until the default has been cured or all of Borrower's obligations under the Loan Agreement, the Mortgage and the other Bond Documents have been paid and performed in full and the lien of the Mortgage has been released by the Trustee at the direction of the Controlling Person (or the Bonds have been defeased). Upon any such default or Event of Default and after all applicable notice and cure periods provided for herein, the Controlling Person may in its sole and absolute discretion, direct the Trustee to use the Replacement

Reserve (or any portion thereof) for any purpose permitted by the Bond Documents, including but not limited to (i) repayment of any indebtedness secured by the Mortgage or the other Bond Documents, including but not limited to principal prepayments and the prepayment premium applicable to such full or partial prepayment (as applicable); provided, however, that such application of funds shall not cure or be deemed to cure any default or Event of Default; (ii) reimbursement of the Trustee or the Controlling Person for all losses and expenses (including, without limitation, reasonable legal fees) suffered or incurred by the Trustee or the Controlling Person as a result of such default or Event of Default; (iii) completion of the Replacement as provided in Section 5, or for any other repair or replacement to the Project Facilities; or (iv) payment of any amount expended in exercising (and exercise) all rights and remedies available to the Trustee and the Controlling Person at law or in equity or under this Agreement.

(c) Nothing in this Agreement shall obligate the Controlling Person to direct the Trustee to apply all or any portion of the Replacement Reserve on account of any default or Event of Default by Borrower or to repayment of the indebtedness secured by the Mortgage or any of the other Bond Documents or in any specific order of priority.

Section 10. Borrower's Other Obligations. Nothing contained in this Agreement shall alter, impair or affect the obligations of Borrower under the Loan Agreement or under any Bond Documents, or relieve Borrower of any of its obligations to make payments and perform all of its other obligations required under the Bond Documents.

Section 11. Remedies Cumulative. The rights and remedies conferred upon or reserved to the Trustee or the Controlling Person under this Agreement are not in lieu of, but are in addition to, any other rights or remedies which Trustee or the Controlling Person may have under the other Bond Documents, and are not intended to be exclusive of any other rights, and each and every right shall be cumulative and concurrent, and may be enforced separately, successively or together, and may be exercised from time to time as often as may be deemed necessary by the Trustee or the Controlling Person.

Section 12. Balance in the Replacement Reserve Fund. The insufficiency of any balance in the Replacement Reserve Fund shall not abrogate Borrower's agreement to fulfill all preservation and maintenance covenants in the Bond Documents. In the event that the balance of the Replacement Reserve is less than the current estimated cost to make the Replacements required as estimated by the Controlling Person, Borrower shall deposit the shortage into the Replacement Reserve Fund within ten (10) days after of written request by the Controlling Person.

Section 13. Indemnification. Borrower agrees to defend and indemnify Controlling Person and the Trustee and to hold the Controlling Person and the Trustee harmless from and against any and all actions, suits, claims, judgments, demands, liabilities, losses, damages, obligations and costs and expenses (including litigation costs and reasonable attorneys' fees and expenses) arising from or in any way connected with the performance of the Replacements and including, without limitation, enforcement hereof (including this Section) except for such items finally determined by a court of competent jurisdiction to be caused by the willful misconduct of the Controlling Person and/or Trustee. Borrower assigns to the Controlling Person all rights and claims Borrower may have against all persons or entities supplying labor or materials in connection

with the Replacements; provided, however, that Trustee may not pursue any such right or claim unless so directed by the Controlling Person at such time as a default or Event of Default exists under this Agreement or any of the Bond Documents. The indemnity provisions provided in this Section 13 shall survive the termination of this Agreement and the other Bond Documents, the discharge of the Bonds, and the resignation or removal of the Trustee.

Section 14. Determinations by Controlling Person. In any instance in this Agreement where the consent or approval of the Controlling Person may be given or is required, or where any determination, judgment or decision is to be rendered by the Controlling Person under this Agreement, the granting, withholding or denial of such consent or approval and the rendering of such determination, judgment or decision shall be made or exercised by the Controlling Person (or its designated representative) at its reasonable discretion.

Section 15. Borrower's Records. Borrower shall furnish such financial statements, invoices, records, papers and documents relating to the Project Facilities as the Controlling Person may reasonably require from time to time to make the determinations permitted or required to be made by the Controlling Person under this Agreement.

Section 16. Completion of Replacements. The Controlling Person's approval of any plans for any Replacement, release of funds from the Replacement Reserve, inspection of the Project Facilities by the Controlling Person or its agents, or other acknowledgment of completion of any Replacement in a manner satisfactory to the Controlling Person shall not be deemed an acknowledgment or warranty to any person that the Replacement has been completed in accordance with applicable building, zoning or other codes, ordinances, statutes, laws, regulations or requirements of any governmental agency.

Section 17. Transfer of Project Facilities. If a Sale shall occur or be contemplated, which Sale requires the prior written consent of the Controlling Person pursuant to the terms of the Loan Agreement, the Controlling Person may review the amount of the Replacement Reserve, the amount of the monthly deposits and the likely Replacements required by the Project Facilities and the related contingencies which may arise during the remaining term of this Agreement. Based upon that review, the Controlling Person may require an additional deposit to the Replacement Reserve and/or an increase in the amount of the monthly deposits as a condition to the Controlling Person's consent to such Sale. In event of a transfer of the Project Facilities by Borrower, the transferee shall be required to assume Borrower's duties and obligations under this Agreement.

Section 18. Termination. Upon satisfaction of all obligations of the Borrower under the Bond Documents, and payment in full or defeasance of the Bonds, this Agreement and the security interest granted hereunder shall terminate and the Trustee shall disburse to Borrower all amounts remaining in the Replacement Reserve Fund.

Section 19. Entire Agreement; Amendment and Waiver. This Agreement contains the complete and entire understanding of the parties with respect to the matters covered and no change or amendment shall be valid unless it is made in writing and executed by the parties to this Agreement. No specific waiver or forbearance for any breach of any of the terms of this Agreement shall be considered as a general waiver of that or any other term of this Agreement.

Section 20. Notices. All notices under this Agreement shall be given in writing to the other party at the address, and in the manner, provided in the Loan Agreement.

Section 21. Severability. The invalidity, illegality, or unenforceability of any provision of this Agreement pursuant to judicial decree shall not affect the validity or enforceability of any other provision of this Agreement, all of which shall remain in full force and effect.

Section 22. Applicable Law. This Agreement and all matters arising out of or related to this Agreement shall be governed by and construed in accordance with the laws of the State, without regard to conflict of laws principles.

Section 23. Non-Recourse. Notwithstanding anything to the contrary contained herein, Borrower's liability hereunder shall be limited to the extent provided in Section 10.13 of the Loan Agreement.

Section 24. Third Party Beneficiaries. This Agreement is solely for the benefit of the Trustee and the Controlling Person, the holders from time to time of the Bonds, and their respective successors and assigns, and shall not inure to the benefit of any other person or entity, and may not be enforced by any other person or entity other than the Trustee, the Controlling Person, their respective successors and assigns, and the holders from time to time of the Bonds. There are no other intended third party beneficiaries of this Agreement.

Section 25. Definitions. Capitalized terms used herein and not defined shall have the meanings ascribed thereto in the Indenture.

Section 26. Counterparts; Electronic Signatures. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument. To the fullest extent permitted by applicable law, electronically transmitted or facsimile signatures shall constitute original signatures for all purposes under this Agreement.

Section 27. The Trustee. In executing and delivering this Agreement, and in taking any action hereunder, the Trustee shall enjoy all the rights, protections, benefits, immunities and indemnities afforded to it under the Indenture. Notwithstanding anything else to the contrary set forth herein, whenever reference is made herein to any discretionary action by, consent, designation, specification, requirement or approval of, notice, request or other communication from, or other direction given or action to be undertaken (or not to be) suffered or omitted by the Trustee or to any election, decision, opinion, acceptance, use of judgment expression of satisfaction or other exercise of discretion, rights or remedies to be made (or not to be made) by the Trustee, (i) such provision shall refer to the Trustee exercising each of the foregoing at the instruction of the Controlling Person and (ii) it is understood that in all cases, the Trustee shall be fully justified in failing or refusing to take any such action if it shall not have received written instruction, advice or concurrence from the Controlling Person in respect of such action.

[The remainder of this page is left intentionally blank.]

IN WITNESS WHEREOF, Borrower and Trustee have executed this Agreement on the date and year first above written.

LDG THE RIDGE AT LOOP 12, LP, a Texas limited partnership

By: DHFC The Ridge at Loop 12 GP, LLC, a Texas limited liability company, its general partner

By: Dallas Housing Finance Corporation, a Texas housing finance corporation, its sole member

By: _____
Name: Mary Helfand
Title: President

BOKF, NA, a national banking association,
as Trustee

By: _____
Name: Kathy McQuiston
Title: Vice President

This instrument prepared by and
when recorded return to:

Michael P. Murphy, Esq.
Katten Muchin Rosenman LLP
1919 Pennsylvania Ave. NW
Suite 800
Washington, DC 20006

ASSIGNMENT OF MORTGAGE DOCUMENTS

from

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

to

BOKF, NA, as Trustee,

with the consent of

LDG THE RIDGE AT LOOP 12, LP

Dated as of [March 1, 2025]

Relating to:

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

**[\$_____]
Multifamily Housing Revenue Bonds
(The Ridge at Loop 12)
Series 2025A-1**

**[\$_____]
Multifamily Housing Revenue Bonds
(The Ridge at Loop 12)
Series 2025A-2**

**[\$_____]
Multifamily Housing Revenue Bonds
(The Ridge at Loop 12)
Taxable Series 2025B**

ASSIGNMENT OF MORTGAGE DOCUMENTS

This **ASSIGNMENT OF MORTGAGE DOCUMENTS**, dated as of [March 1, 2025] (as the same may be amended, modified or supplemented from time to time, “Assignment”) from the **TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**, a public and official agency of the State of Texas (together with its successors and assigns, the “**Assignor**”), to **BOKF, NA**, a national banking association, as trustee (together with any successor trustee under the Indenture described below and its respective successors and assigns, the “**Assignee**” or “**Trustee**”) under the Indenture of Trust dated as of [March 1, 2025] (as the same may be amended, modified or supplemented from time to time, the “**Indenture**”), between the Assignor as Issuer and the Assignee as Trustee,

WITNESSETH:

WHEREAS, LDG The Ridge at Loop 12, LP, a limited partnership duly organized and validly existing under the laws of the State of Texas (together with its permitted successors and assigns, the “**Borrower**”) has:

(i) entered into a Loan Agreement with the Assignor dated as of [March 1, 2025] (as the same may be amended, modified or supplemented from time to time, the “**Loan Agreement**”), evidencing indebtedness in the original aggregate principal amount of \$[_____] (the “**Loan**”); and

(ii) executed and delivered to the Assignor (A) the Series A-1 Promissory Note dated [CLOSING DATE] (as the same may be amended, modified or supplemented from time to time, the “**Series A-1 Promissory Note**”) in the original principal amount of \$[SERIES A-1 PRINCIPAL] and made to the order of the Assignor, as payee, further evidencing the Loan, (B) the Series A-2 Promissory Note dated [CLOSING DATE] (as the same may be amended, modified or supplemented from time to time, the “**Series A-2 Promissory Note**”) in the original principal amount of \$[SERIES A-2 PRINCIPAL] and made to the order of the Assignor, as payee, further evidencing the Loan, and (C) the Series B Promissory Note dated [CLOSING DATE] (as the same may be amended, modified or supplemented from time to time, the “**Series B Promissory Note**”; together with the Series A-1 Promissory Note and Series A-2 Promissory Note, the “**Promissory Note**”) in the original principal amount of \$[SERIES B PRINCIPAL] and made to the order of the Assignor, as payee, further evidencing the Loan; and

(iii) delivered to the Assignor a Multifamily Leasehold Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing dated as of [March __, 2025] (as the same may be amended, modified or supplemented from time to time, the “**Mortgage**”) for the benefit of Assignor, securing the Promissory Note, recorded contemporaneously herewith in the Official Records of Dallas County, Texas and relating to the real estate described in Exhibit A hereto; and

WHEREAS, the Loan Agreement, the Promissory Note and the Mortgage, together with all financing and continuation statements to perfect the liens and security interests granted thereby, are collectively referred to herein as the “**Mortgage Documents**”; and

WHEREAS, the Assignor desires to assign and transfer to the Assignee all its right, title and interest in and to the Mortgage Documents, excluding the Reserved Rights (as defined in the Indenture) of the Assignor, and the Assignee desires to acquire Assignor's rights, title and interest as aforesaid under the Mortgage Documents in accordance with the terms hereof, and the Assignee is joining in the execution of this Assignment in order to evidence its acceptance hereof; and

WHEREAS, the Borrower is joining in the execution of this Assignment in order to evidence its consent hereto and in order to agree that the Mortgage Documents shall be effective to secure the obligations of the Borrower to the Assignee as more fully set forth therein and herein.

NOW THEREFORE, in consideration of issuance of the Bonds and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the parties hereby agree as follows:

Section 1. Definitions. All words and phrases defined in the Indenture have the same meanings in this Assignment, which definitions are incorporated herein by reference, unless a different definition is set forth in this Assignment.

Section 2. Assignment. The Assignor sells, assigns and sets over and transfers to the Assignee all the right, title and interest of the Assignor in, to and under the Mortgage Documents, excluding the Reserved Rights of the Assignor. This Assignment is made and shall be without recourse, warranty or representation of the Assignor.

Section 3. Miscellaneous. In case any one or more of the provisions contained in this Assignment are invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein will not be affected or impaired thereby.

Section 4. Counterparts; Electronic Signatures. This Assignment may be executed in any number of counterparts, each executed counterpart constituting an original, but all counterparts together constituting only one instrument. To the fullest extent permitted by applicable law, electronically transmitted or facsimile signatures shall constitute original signatures for all purposes under this Assignment.

Section 5. Governing Law. It is the intention of the parties hereto that this Assignment and the rights and obligations of the parties hereunder shall be governed, construed and enforced in accordance with the laws of the State of Texas, without reference to its conflicts of laws and principles.

Section 6. INDEMNIFICATION. BORROWER HEREBY AGREES TO PAY AND PROTECT, AND INDEMNIFY AND HOLD TRUSTEE HARMLESS FROM AND AGAINST, ANY AND ALL CLAIMS, DEMANDS, LIABILITIES, LOSSES, LAWSUITS, JUDGMENTS, AND COSTS AND EXPENSES (INCLUDING, WITHOUT LIMITATION, REASONABLE ATTORNEYS' FEES AND EXPENSES), REGARDLESS OF WHEN MADE, TO WHICH TRUSTEE MAY BECOME EXPOSED, OR WHICH TRUSTEE MAY INCUR, IN CONNECTION WITH ANY OF THE MORTGAGE DOCUMENTS OR IN EXERCISING ITS RIGHTS UNDER THIS ASSIGNMENT (AND INCLUDING, WITHOUT LIMITATION, ENFORCEMENT HEREOF (INCLUDING THIS SECTION)) EXCEPT TO THE EXTENT

CAUSED BY THE WILLFUL MISCONDUCT OF TRUSTEE. THE PROVISIONS OF THIS SECTION 6 SHALL SURVIVE THE TERMINATION OF THIS ASSIGNMENT, THE BOND DOCUMENTS, THE DISCHARGE OF THE INDENTURE AND THE RESIGNATION OR REMOVAL OF THE TRUSTEE.

Section 7. The Trustee. Borrower acknowledges and agrees that this Assignment is provided to the Assignee in its capacity as Trustee under the Indenture, and in taking any action hereunder, that Trustee shall enjoy all the rights, protections, benefits, immunities and indemnities afforded to it thereunder, which are incorporated herein by reference. Notwithstanding anything else to the contrary set forth herein, whenever reference is made herein to any discretionary action by, consent, designation, specification, requirement or approval of, notice, request or other communication from, or other direction given or action to be undertaken (or not to be) suffered or omitted by the Trustee or to any election, decision, opinion, acceptance, use of judgment expression of satisfaction or other exercise of discretion, rights or remedies to be made (or not to be made) by the Trustee, (i) such provision shall refer to the Trustee exercising each of the foregoing at the instruction of the Controlling Person and (ii) it is understood that in all cases, the Trustee shall be fully justified in failing or refusing to take any such action if it shall not have received written instruction, advice or concurrence from the Controlling Person in respect of such action.

Section 8. Limited Recourse. Notwithstanding anything to the contrary contained in this Assignment, Borrower's liability hereunder shall be limited to the extent provided in Section 10.13 of the Loan Agreement.

[REMAINDER OF PAGE LEFT INTENTIONALLY BLANK]

IN WITNESS WHEREOF, the parties have caused this Assignment to be executed by their duly authorized representatives as of the date first written above.

ASSIGNOR:

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

By: _____
Name: James B. "Beau" Eccles
Title: Secretary to Board

ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of Texas)
County of Travis)

On _____, 20__ before me, _____ (insert name and title of the officer), personally appeared James B. "Beau" Eccles, Secretary to Governing Board of the Texas Department of Housing and Community Affairs, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of Texas that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Notary Public's Signature

My Commission expires: _____

(PERSONALIZED SEAL)

ASSIGNEE:

BOKF, NA, a national banking association

By: _____

Name: Kathy McQuiston

Title: Vice President

ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of Texas)
County of Harris)

On _____, 20__ before me, _____ (insert name and title of the officer), personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of Texas that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Notary Public's Signature

My Commission expires: _____

(PERSONALIZED SEAL)

The undersigned, being the Borrower referred to in the foregoing Assignment, hereby acknowledges receipt and acceptance thereof and consents and agrees to the Assignment made therein and to the terms and provisions thereof to such Assignment.

BORROWER:

LDG THE RIDGE AT LOOP 12, LP,
a Texas limited partnership

By: DHFC The Ridge at Loop 12 GP, LLC, a
Texas limited liability company,
its general partner

By: Dallas Housing Finance Corporation,
a Texas housing finance corporation,
its sole member

By: _____
Name: Mary Helfand
Title: President

ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of Texas)
County of Dallas)

On _____, 20__ before me, _____ (insert name and title of the officer), personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of Texas that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Notary Public's Signature

My Commission expires: _____

(PERSONALIZED SEAL)

EXHIBIT A
LEGAL DESCRIPTION OF PROPERTY
[TO BE INCLUDED]

BOND PLACEMENT AGREEMENT

[_____, 2025]

by and among

NEWPOINT IMPACT FUND I LP,

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS,

LDG THE RIDGE AT LOOP 12, LP,

AND

NEWPOINT REAL ESTATE CAPITAL SECURITIES LLC

Relating to:

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

**[\$_____]
Multifamily Housing Revenue Bonds
(The Ridge at Loop 12)
Series 2025A-1**

**[\$_____]
Multifamily Housing Revenue Bonds
(The Ridge at Loop 12)
Series 2025A-2**

**[\$_____]
Multifamily Housing Revenue Bonds
(The Ridge at Loop 12)
Taxable Series 2025B**

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BOND PLACEMENT AGREEMENT

NEWPOINT REAL ESTATE CAPITAL SECURITIES LLC, a limited liability company duly organized and validly existing under the laws of the State of Delaware (the “**Placement Agent**”), on its own behalf and not as your fiduciary or agent for you, and in its capacity as placement agent of the above captioned Bonds, offers to enter into the following agreement dated as of [March __, 2025] (the “**Agreement**”) with the **TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**, a public and official agency of the State of Texas (the “**Issuer**”), **NEWPOINT IMPACT FUND I LP**, a limited partnership duly organized and validly existing under the laws of the State of Delaware, an affiliate of the Placement Agent (the “**Bond Purchaser**”) and **LDG THE RIDGE AT LOOP 12, LP**, a limited partnership duly organized and validly existing under the laws of the State of Texas (the “**Borrower**”), which, upon acceptance of this offer, will be binding upon the Issuer, the Bond Purchaser, the Borrower and the Placement Agent. This offer is made subject to acceptance by the Borrower, Issuer and the Bond Purchaser evidenced by execution by the Borrower, Issuer and the Bond Purchaser and delivery of this Agreement to the Placement Agent, at or prior to 3:00 p.m., Eastern Time, on the date hereof and will expire if not so accepted at or prior to such time (or such later time as the parties hereto may agree in writing).

Section 1. Definitions of Terms and Description of Transaction.

1.1 Capitalized terms used herein shall have the meaning assigned to them in the Glossary of Terms attached as Exhibit A, or if not defined herein or in Exhibit A hereto shall have the meanings ascribed to such terms in the Indenture.

1.2 The Bonds shall be as described in, and shall be issued pursuant to, the Indenture and the Bond Resolution, and in accordance with the applicable provisions of the Act. The Bonds shall contain the terms and provisions as described in the Indenture and will bear interest at the rate or rates described therein.

1.3 The Issuer will use the proceeds of the Bonds to make the Loan to the Borrower pursuant to the Loan Agreement. The Borrower’s obligation to repay the Loan will be evidenced by the Note in the principal amount of the Bonds. The Borrower’s obligations under the Note and the Loan Agreement will be secured as provided in the Indenture and the Loan Agreement. The Issuer’s right, title and interest in the security for the Borrower’s obligations under the Note and the Loan Agreement will be pledged and assigned to the Trustee under the Indenture to secure the Bonds.

1.4 The proceeds of the Loan will be used by the Borrower to (a) fund a portion of the costs relating to the acquisition, construction, installation and equipping of the Project and (b) pay or fund certain other costs related to the Bonds and the Project.

1.5 To provide compliance with certain requirements of the Code applicable to the Tax-Exempt Bonds, the Issuer, the Trustee, the Fee Owner and the Borrower will enter into the Regulatory Agreement regarding the operation of the Project.

1.6 The Borrower will enter into the Continuing Disclosure Agreement regarding ongoing disclosure of certain information relating to the Bonds and the Project.

Section 2. Purchase and Sale.

2.1 Subject to the terms and conditions and in reliance on the representations and warranties herein set forth, (i) the Placement Agent hereby agrees, on a reasonable efforts basis, to facilitate the sale of the Bonds in a private placement to the Bond Purchaser, with no understanding, expressed or implied, of a commitment by the Placement Agent to purchase or place the Bonds, and (ii) the Bond Purchaser agrees to purchase from the Issuer, and the Issuer agrees to sell to the Bond Purchaser when, as and if issued, all (but not less than all) of the Bonds on the Closing Date (as such term is hereinafter defined) at the purchase price(s) indicated in Item 1 in Exhibit B hereto. Inasmuch as this purchase and private sale represents a negotiated transaction, the Issuer and the Borrower understand, and hereby confirm, that the Placement Agent is not acting as a fiduciary of the Issuer, the Bond Purchaser or the Borrower, but rather is acting solely in its capacity as Placement Agent.

2.2 The Bonds will (a) be issued pursuant to the Bond Resolution and the Indenture and (b) have the payment related terms (that is, the dated date, maturity dates, interest rates, interest payment dates and redemption provisions) set forth in Item 3 in Exhibit B attached hereto.

2.3 It shall be a condition (a) to the obligations of the Issuer to sell and deliver the Bonds to the Bond Purchaser, and (b) to the obligations of the Placement Agent to place the Bonds with the Bond Purchaser, that the principal amount of the Bonds to be issued, sold and delivered by the Issuer in accordance with 2.3 above shall be issued, sold and delivered simultaneously by the Issuer and be purchased, accepted and paid for simultaneously by the Bond Purchaser.

2.4 The Borrower agrees to pay the Placement Agent \$[_____] (which does not include Placement Agent's Counsel fee) in connection with the placement of the Bonds (the "**Placement Agent's Fee**") and the Bond Purchaser \$[_____] (which does not include Bond Purchaser's counsel fee) in connection with the purchase of the Bonds (the "**Bond Purchaser's Fee**"), in addition to other expenses stipulated in Section 11 herein (together with the Placement Agent's Fee, the "**Fees**"). The Fees are payable on the Closing Date. Payment of the Placement Agent's Fee and the Bond Purchaser's Fee are solely the obligation of the Borrower.

Section 3. Private Sale of Bonds and Establishment of Issue Price.

3.1 The Bonds are being purchased in a non-public offering.

3.2 The Bond Purchaser agrees to assist the Issuer in establishing the issue price of the Bonds and shall execute and deliver to the Issuer at Closing an "issue price" or similar certificate, in substantially the form attached hereto as Exhibit C.

Section 4. Continuing Disclosure Agreement.

4.1 The Borrower agrees with the Placement Agent and the Bond Purchaser, for its benefit and the benefit of the Holders from time to time of the Bonds, that the

Borrower will undertake, pursuant to the Continuing Disclosure Agreement to provide annual financial information and notices of the occurrence of specified events in a manner consistent with the requirements of Rule 15c2-12. The parties recognize and acknowledge that such Rule does not require said disclosure with respect to the Bonds.

Section 5. Representations and Warranties of Issuer.

5.1 The Issuer hereby makes the following representations and warranties to the Placement Agent, Borrower and the Bond Purchaser, for their benefit and the benefit of the Holders from time to time of the Bonds, all of which will continue in effect subsequent to the purchase of the Bonds:

(a) The Issuer is a public and official agency of the State of Texas and is authorized to execute and deliver this Agreement and the other Issuer Documents and to issue, sell and deliver the Bonds pursuant to the laws of the State, including particularly the Act.

(b) The Issuer has, and as of the Closing Date will have, all necessary power and authority to (i) execute and deliver this Agreement and the Issuer Documents, (ii) issue the Bonds in the manner contemplated by the Bond Resolution, this Agreement and the Indenture, and (iii) otherwise consummate the transactions contemplated by the Bond Resolution, this Agreement and the Issuer Documents.

(c) At the time of its adoption, the Issuer had all necessary power and authority to adopt the Bond Resolution.

(d) The Issuer has duly adopted the Bond Resolution at a meeting duly called and held in accordance with applicable law and procedures of the Issuer, and since that time the Bond Resolution has not been rescinded, amended or modified.

(e) Pursuant to the Bond Resolution the Issuer has duly authorized the (i) execution and delivery of this Agreement, the Bonds and the Issuer Documents, (ii) performance by the Issuer of the obligations contained in this Agreement, in the Bonds and in the Issuer Documents, and (iii) consummation by the Issuer of all of the transactions contemplated hereby and by the Issuer Documents.

(f) Assuming the valid authorization, execution and delivery of this Agreement and the Issuer Documents by the other parties hereto and thereto, this Agreement is, and the other Issuer Documents will be, the legal, valid and binding obligations of the Issuer, enforceable against the Issuer in accordance with their respective terms, except to the extent that enforcement thereof may be limited by bankruptcy, insolvency or other similar laws affecting creditors' rights generally, or by the exercise of judicial discretion in accordance with general principles of equity.

(g) All consents, approvals, orders or authorizations of, notices to, or filings, registrations or declarations with any court or governmental authority,

board, agency, commission or body having jurisdiction which are required by or on behalf of the Issuer for the execution and delivery by the Issuer of this Agreement, the Issuer Documents or the Bonds, or the consummation by the Issuer of the transactions contemplated hereby or thereby, have been obtained or will be obtained prior to Closing, except for the filing of the closing documents with the Texas Bond Review Board and the filing of the IRS Form 8038 (each of which will be timely filed after Closing); provided that no representation or warranty is made with respect to any approvals or actions to be taken in connection with any federal or state securities laws or “blue sky” laws of any jurisdiction; and provided further that the Issuer shall not be required to register as a dealer or broker of securities or execute a general or special consent to service of process or qualify to do business in any jurisdiction in which it is not now so subject.

(h) The execution and delivery by the Issuer of this Agreement, the Bonds and the Issuer Documents, and the consummation by the Issuer of the transactions contemplated hereby and thereby are not prohibited by, do not violate any provision of, and will not result in the breach of or default under, in each case in any material respect, (i) the Act, the Constitution of the State or the organizational documents of the Issuer, (ii) any applicable law, rule, regulation, judgment, decree, order or other requirement applicable to the Issuer, or (iii) any contract, indenture, agreement, mortgage, lease, note, commitment or other obligation or instrument to which the Issuer is a party or by which the Issuer or its properties is bound; provided that no representation or warranty is made with respect to any compliance with any federal or state securities laws or “blue sky” laws of any jurisdiction or the registration of the Bonds under the 1933 Act or the qualification of the Indenture under the 1939 Act.

(i) There is no legal action, suit, proceeding, investigation or inquiry at law or in equity, before or by any State court, agency, arbitrator, public board or body or other entity or person, pending or, to the best knowledge of the Issuer, threatened against or affecting the Issuer or its officials, in their respective capacities as such, (i) which would restrain or enjoin the issuance or delivery of the Bonds or the collection of revenues pledged under the Indenture, (ii) which would in any way contest or affect the organization or existence of the Issuer or the entitlement of any officers of the Issuer to their respective offices or (iii) which may reasonably be expected to contest or have a material and adverse effect upon (A) the due performance by the Issuer of this Agreement or the Issuer Documents or the transactions contemplated hereby or thereby, (B) the validity or enforceability of the Bonds, the Bond Resolution, this Agreement, the Issuer Documents or any other agreement or instrument to which the Issuer is a party and that is used or contemplated for use in the consummation of the transactions contemplated hereby and thereby, or (C) the excludability of the interest on the Bonds from the gross income of the holders thereof for federal income tax purposes. The Issuer is not subject to any judgment, decree or order entered in any lawsuit or proceeding brought against it that would have such an effect.

(j) When delivered to the Bond Purchaser after receipt of payment therefor in accordance with the provisions of this Agreement, the Bonds will be duly authorized, executed, issued, and delivered and, assuming the authentication thereof by the Trustee, will constitute the Issuer's legal, valid and binding special, limited obligations, enforceable against the Issuer in accordance with their terms (except to the extent that enforcement thereof may be limited by bankruptcy, insolvency or other similar laws affecting creditors' rights generally, or by the exercise of judicial discretion in accordance with general principles of equity), and will be entitled to the benefit and security of the Indenture.

(k) Other than the Issuer Documents, the Issuer has not entered into any contract or arrangement that might give rise to any lien or encumbrance on the revenues or other assets, properties, funds or interests pledged pursuant to the Indenture.

(l) The Issuer has not knowingly taken or omitted to take on or prior to the date hereof any action, that would adversely affect the excludability of the interest on the Bonds from the gross income of the holders thereof for federal income tax purposes.

(m) The Issuer has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that the Issuer is an issuer whose arbitrage certifications may not be relied upon.

(n) On the Closing Date, each of the representations and warranties of the Issuer contained herein and in the Issuer Documents shall be true and correct in all material respects.

(o) The Placement Agent and the Bond Purchaser have not provided any municipal advisory services to the Issuer within the meaning of Rule 15Ba1-1 of the 1934 Act.

5.2 Each of the representations and warranties set forth in this Section will survive the Closing.

5.3 Any certificate signed by an authorized signatory of the Issuer and delivered to the Placement Agent and the Bond Purchaser in connection with the delivery of the Bonds will be deemed to be a representation and warranty by the Issuer to the Placement Agent and the Bond Purchaser for their benefit and for the benefit of the Holders from time to time of the Bonds, as to the statements made therein.

Section 6. Representations and Warranties of Borrower.

6.1 The Borrower makes the following representations and warranties to the Placement Agent, Issuer and the Bond Purchaser for their benefit and for the benefit of the Holders from time to time of the Bonds, as of the date hereof, all of which will continue in effect subsequent to the purchase of the Bonds:

(a) The Borrower is and on the date of Closing will be a limited partnership duly organized, validly existing and in good standing under the laws of the State and qualified to do business in the State.

(b) The Borrower has full legal power and authority to execute and deliver and to enter into and perform its obligations under this Agreement the Bond Documents and such other documents, instruments, certificates or agreements to be executed and delivered in connection with the issuance and sale of the Bonds or the making of the mortgage loan, and at the time of such execution and delivery, the Borrower will have duly authorized the execution, delivery and performance of the Borrower Documents and Agreement if not included among Borrower Documents.

(c) The execution and delivery of the Borrower Documents and this Agreement, if not included among the Borrower Documents, and compliance with the provisions thereof under the circumstances contemplated herein and therein, do not and will not conflict with or constitute on the part of the Borrower a breach or violation of or default under: (1) the Borrower's partnership agreement, or any agreement or other instruments to which the Borrower is a party, or any existing law, administrative regulation, court order or consent decree to which the Borrower is subject, the effect of which will be to prevent or interfere with the Borrower's ability to fulfill its obligations as contemplated by this Agreement and the Borrower Documents; or (2) the certificate of formation of the Borrower, any existing law, court or administrative regulation, judgment, decree or order, or any material agreement, indenture, mortgage, lease, sublease of other instrument or obligation to which the Borrower is a party or by which it may be bound.

(d) Reserved.

(e) No event of default or event that, with notice or lapse of time or both, would constitute an event of default or a default under the Borrower Documents or any other material instrument, agreement, decree or order to which the Borrower is bound or to which any of its property or assets is subject has occurred and is continuing.

(f) At the Closing, all liens, encumbrances, covenants, conditions and restrictions, if any, applicable to the Project will not interfere with or impair the operation of, or materially adversely affect the value of, the Project.

(g) There is no action, suit, proceeding, inquiry or investigation at law or in equity or before or by any public board or body pending or, to the knowledge of the Borrower, threatened against or affecting the Borrower, or to the knowledge of the Borrower any meritorious basis therefore, wherein an unfavorable decision, ruling or finding would have a materially adverse effect on the financial condition of the Borrower, the operation by the Borrower of the Project or the transactions contemplated by the Borrower Documents and this Agreement, if not included among Borrower Documents, or would have an adverse effect on the validity or enforceability of the Borrower Documents and this Agreement, if not included

among Borrower Documents, or any agreement or instrument by which the Borrower or its property is bound or would in any way contest the corporate existence or powers of the Borrower or the federal tax-exempt status of the interest on the Bonds or the amounts to be received by the Authority pursuant to the Indenture or the Loan Agreement.

(h) This Agreement is, and upon their execution the other Borrower Documents will be, the legal, valid and binding obligations of the Borrower enforceable in accordance with their respective terms (subject to any applicable bankruptcy, reorganization, insolvency, moratorium or other laws affecting the enforcement of creditors' rights generally from time to time in effect and to applicable legal principles and procedural requirements if equitable and other specific remedies are sought and subject to the qualification that enforcement of the indemnification provisions of this Agreement may be limited by federal or state securities laws as the same may have been interpreted by judicial decisions).

(i) No approvals, permits, consents, authorizations, certifications or other orders not already obtained are required as of the date of this Agreement by the Borrower from any governmental agency, authority, board or commission having jurisdiction that could materially affect (A) the performance by the Borrower of its obligations under the Borrower Documents or (B) the acquisition, rehabilitation or operation of the Project.

(j) The financing of the costs of the Project is consistent with and does not violate or conflict with the terms of the various consents or approvals of any such agencies or entities.

(k) The Borrower does not have any reason to believe that any additional approvals, licenses or permits necessary for the acquisition, rehabilitation and operation of the Project will not be obtained in due course.

(l) The Placement Agent and the Bond Purchaser have not provided any municipal advisory services to the Borrower within the meaning of Rule 15Ba1-1 of the 1934 Act.

(m) All of the representations and warranties of the Borrower in the other Borrower Documents are true and correct as of this date, as if made on this date.

(n) The Borrower will, on the date of Closing, have good and marketable title to the Project.

(o) Any certificate signed by an authorized officer of the Borrower delivered to the Issuer, the Placement Agent, or the Bond Purchaser shall be deemed a representation and warranty by the Borrower to such parties as to the statements made therein.

(p) Any certificate signed by an authorized officer of the General Partner on behalf of the Borrower delivered to the Issuer shall be deemed a

representation and warranty by the Borrower to such parties as to the statements made therein.

(q) The Borrower will apply the proceeds of the Bonds in a manner that is consistent with the Bond Resolution and the Loan Agreement.

(r) The audited financial statements provided by the Borrower present fairly the financial position of the Borrower for each of the years then ended and the results of the Borrower's operations for the periods specified, and such financial statements have been prepared in conformity with generally accepted accounting principles consistently applied in all material respects to the periods involved, except as stated in the notes thereto.

(s) The Borrower covenants that between the date of this Agreement and the Closing it will not take any action or omit to take an action that will cause any of the representations and warranties made in this Section 7.1 to be untrue as of the Closing.

6.2 Each of the representations and warranties set forth in this Section will survive the Closing.

6.3 Any certificate signed by the Borrower or the General Partner and delivered to the Placement Agent or the Bond Purchaser shall be deemed a representation and warranty by the Borrower to the Placement Agent and the Bond Purchaser for their benefit and for the benefit of the Holders from time to time of the Bonds, as to the statements made therein.

Section 7. Covenants.

7.1 The Issuer hereby makes the following covenants with the Placement Agent, Borrower and the Bond Purchaser:

(a) Prior to the Closing, the Issuer will not create, assume or guarantee any indebtedness payable from, or pledge or otherwise encumber, the revenues, assets, properties, funds or interests which will be pledged pursuant to the Indenture and the other Issuer Documents.

(b) After all conditions have been met with respect to the issuance of the Bonds (including without limitation the payment of the Purchase Price), and upon receipt of evidence that the Trustee has received the Purchase Price set forth in Section 2.1 hereof, the Issuer will cause the Bonds to be delivered in accordance with this Agreement and the Indenture.

(c) The Issuer will not knowingly take or omit to take any action which will in any way cause the proceeds of the Bonds to be applied in a manner other than as provided in the Indenture or which would cause the interest on the Bonds to be includable in the gross income of the holders thereof for federal income tax purposes.

(d) Prior to the Closing, the Issuer will obtain all governmental consents, approvals, orders or authorizations of any governmental authority or agency that would constitute a condition precedent to the performance by it of its obligations in connection with the issuance and sale of the Bonds under the Bond Resolution, this Agreement, the Issuer Documents and the Bonds.

(e) The Issuer will furnish such information, execute such instruments and take such other action in cooperation with the Placement Agent, at the expense of the Placement Agent or Borrower, as the Placement Agent may reasonably request in endeavoring (i) to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Placement Agent may designate and (ii) to determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions, and will use its best efforts to continue such qualification in effect so long as required for distribution of the Bonds; provided, however, that in no event shall the Issuer be required to take any action which would subject it to general or unlimited service of process or qualify to do business in any jurisdiction in which it is not now so subject.

7.2 The Borrower hereby makes the following covenants with the Placement Agent, Issuer and the Bond Purchaser:

(a) The Borrower will not knowingly take or omit to take any action which will in any way cause the proceeds of the Tax-Exempt Bonds to be applied in a manner other than as provided in the Indenture or which would cause the interest on the Tax-Exempt Bonds to be includable in the gross income of the holders thereof for federal income tax purposes.

(b) Prior to the Closing, the Borrower will obtain all governmental consents, approvals, orders or authorizations of any governmental authority or agency, if any, that would constitute a condition precedent to the performance by it of its obligations under this Agreement and the Borrower Documents.

(c) The Borrower will not voluntarily undertake any course of action inconsistent with the satisfaction by the Borrower of the requirements applicable to it, as set forth in this Agreement and the Borrower Documents.

(d) The Borrower will furnish such information, execute such instruments and take such other action in cooperation with the Placement Agent as the Placement Agent may reasonably request in order (i) to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Placement Agent may designate and (ii) to determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions, and will use its best efforts upon the reasonable request of the Placement Agent to continue such qualifications in effect so long as required for the distribution of the Bonds; provided, however, that the Borrower shall not be required to register as a dealer or broker of securities or

execute a general or special consent to service of process or qualify to do business in any jurisdiction where it is not now so subject.

Section 8. Conditions of Closing.

8.1 The Placement Agent and the Bond Purchaser have entered into this Agreement in reliance upon representations, covenants and agreements of the Issuer and the Borrower contained herein, in reliance upon the representations, covenants and agreements to be contained in the documents and instruments to be delivered at the Closing and upon the performance by the Issuer and the Borrower of their obligations hereunder, both as of the date hereof and as of the Closing Date. Accordingly, the Placement Agent's obligation under this Agreement to place, and the Bond Purchaser's obligations under this Agreement to purchase, to accept delivery of and to pay for the Bonds will be subject to the performance by the Issuer and the Borrower of their obligations to be performed by them hereunder at or prior to the Closing, and to the accuracy in all material respects of the representations, covenants and agreements of the Issuer and of the Borrower contained herein as of the date hereof and as of the Closing as if made on the Closing Date, and will also be subject to the following additional conditions:

(a) There shall not have occurred any material error, misstatement or omission in the representations and warranties made by either of the Borrower or the Issuer in this Agreement, which representations and warranties will be deemed to have been made again at and as of the time of the Closing and will then be true in all material respects.

(b) Each of the Borrower and the Issuer shall have performed and complied with all agreements and conditions required by this Agreement to be performed or complied with by the Borrower or the Issuer at or prior to Closing.

(c) This Agreement, the Issuer Documents, the Borrower Documents and the Guarantor Documents shall have been executed and delivered by each of the parties thereto, shall be in full force and effect on and as of the Closing Date, shall be received by the Placement Agent and the Bond Purchaser in form and substance satisfactory to the Placement Agent and the Bond Purchaser, and no event of default shall exist under any such documents.

(d) There shall have been delivered to the Placement Agent and the Bond Purchaser evidence satisfactory to the Placement Agent and the Bond Purchaser that the Borrower shall have closed, or made arrangements satisfactory to the Placement Agent and the Bond Purchaser to close, all Related Financing with respect to the Project.

(e) On the Closing Date, the Trustee shall have received the deposits required to be made in the Accounts pursuant to the Indenture.

(f) The Bond Purchaser shall have delivered to the Issuer and the Trustee an Investor Letter in the form prescribed in the Indenture.

8.2 In addition to the conditions set forth above, the obligations of the Placement Agent and the Bond Purchaser to consummate at the Closing the transactions contemplated hereby are subject to receipt by the Placement Agent and the Bond Purchaser of the following items:

(a) A certificate of the Issuer (which may be combined with another closing certificate customarily delivered by the Issuer at Closing), dated the Closing Date, to the effect that (1) the representations and warranties of the Issuer contained in this Agreement and the other Issuer Documents are true and correct in all material respects on the Closing Date with the same effect as if made on the Closing Date; (2) that the Issuer has complied with all the agreements and satisfied all the conditions on its part to be performed or satisfied under the Bonds and the Issuer Documents on or prior to the Closing; and (3) such other matters reasonably requested by the Placement Agent or the Bond Purchaser.

(b) A certificate of the Borrower (which may be combined with another closing certificate customarily delivered by the Borrower at Closing), dated the Closing Date and reasonably satisfactory to the Placement Agent and the Bond Purchaser, to the effect that: (1) each of the attached organizational documents, certificate of existence, and member consents (if any), is true, correct and complete and has not been amended, modified or rescinded; (2) each of the Borrower's representations and warranties contained herein and in the other Borrower Documents is true and correct in all material respects on and as of the Closing Date; (3) the Borrower has performed and complied in all material respects with all agreements and conditions required of the Borrower by this Agreement to be performed and complied with by it at or prior to the Closing; and (4) such other matters reasonably requested by the Placement Agent, the Bond Purchaser or the Issuer.

(c) A certificate of the General Partner (which may be combined with another closing certificate customarily delivered by the General Partner or the sole member of the General Partner, as applicable, at Closing), dated the Closing Date and in form and substance reasonably satisfactory to the Placement Agent and the Bond Purchaser, signed by an authorized signatory of the General Partner, that (1) each of the attached organizational documents, certificate of existence, authorizing resolution and evidence of incumbency is true, correct and complete and has not been amended, modified or rescinded; (2) the General Partner is a limited liability company duly organized and validly existing under the laws of the State, with full legal right, power and authority to execute and deliver this Agreement and the other Borrower Documents on behalf of the Borrower as its General Partner; (3) the General Partner has, by all necessary limited liability company action, duly authorized the execution and delivery, on behalf of the Borrower, as its General Partner, of this Agreement and the Borrower Documents; (4) no consent, approval, authorization or order of, or filing, registration or declaration with, any court or governmental body is required by or on behalf of the General Partner for the execution and delivery by the General Partner, on behalf of the Borrower, as its general partner, of this Agreement and the Borrower Documents and the

performance by the General Partner thereunder; (5) the execution and delivery by the General Partner, on behalf of the Borrower, as its general partner, of this Agreement and the Borrower Documents and the performance by the General Partner thereunder do not violate the organizational documents of the General Partner, any applicable law, rule or regulation, or any court order by which the General Partner is bound, and such actions do not constitute a default under any agreement, indenture, mortgage, lease, note or other obligation or instrument to which the General Partner is a party or by which it or its properties is bound; (6) there is no legal action, suit, proceeding, inquiry or investigation at law or in equity (before or by any court, agency, arbitrator, public board or body or other entity or person) pending or, to its knowledge, threatened against the General Partner nor, to the best knowledge of the General Partner, any basis therefor (i) in any way contesting the existence of the General Partner, (ii) in any way contesting the authority of the General Partner to act on behalf of the Borrower, or (iii) which would have a material adverse effect on the financial condition or operations of the General Partner or the consummation of the transactions on the part of the General Partner or the Borrower contemplated hereby or by any Borrower Document; and (7) such other matters reasonably requested by the Placement Agent, the Bond Purchaser or the Issuer.

(d) A certificate of Guarantor for each Guarantor, dated the Closing Date and in form and substance reasonably satisfactory to the Placement Agent and the Bond Purchaser, signed by such Guarantor (if an individual) or by an authorized representative of such Guarantor, to the effect that, as applicable, (1) no consent, approval, authorization or order of, or filing, registration or declaration with, any court or governmental body is required by or on behalf of the Guarantor for the execution and delivery by the Guarantor of the Guarantor Documents and the performance by the Guarantor thereunder; (2) the execution and delivery by the Guarantor of the Guarantor Documents and the performance by the Guarantor thereunder do not violate any applicable law, rule, or regulation or any court order by which the Guarantor is bound, and such actions do not in any material respect constitute a default under any agreement, indenture, mortgage, lease, note or other obligation or instrument to which the Guarantor is a party or by which it is bound; (3) except as otherwise disclosed to the Placement Agent and the Bond Purchaser, there is no legal action, suit, proceeding, inquiry or investigation at law or in equity (before or by any court, agency, arbitrator, public board or body or other entity or person) pending or, to the knowledge of the Guarantor, threatened against the Guarantor, nor any basis therefor, which would have a material adverse effect upon the financial condition of the Guarantor or the consummation of the transactions on the part of the Guarantor contemplated by the Guarantor Documents; and (4) such other matters reasonably requested by the Placement Agent, the Bond Purchaser or the Issuer.

(e) A certificate of the Developer, signed by an authorized representative of the Developer, that (1) each of the attached organizational documents, certificate of existence, authorizing resolution and evidence of incumbency is true, correct and complete and has not been amended, modified or

rescinded; (2) the Developer is a limited liability company duly organized and validly existing under the laws of the State, with full legal right, power and authority to execute and deliver the Developer Fee Pledge; (3) the Developer has, by all necessary legal action, duly authorized the execution and delivery of the Developer Fee Pledge; (4) no consent, approval, authorization or order of, or filing, registration or declaration with, any court or governmental body is required by or on behalf of the Developer for the execution and delivery by the Developer of the Developer Fee Pledge, and the performance by the Developer thereunder; (5) the execution and delivery by the Developer of the Developer Fee Pledge and the performance by the Developer thereunder do not violate the organizational documents of the Developer, any applicable law, rule or regulation, or any court order by which the Developer is bound, and such actions do not constitute a default under any agreement, indenture, mortgage, lease, note or other obligation or instrument to which the Developer is a party or by which it or its properties is bound; (6) there is no legal action, suit, proceeding, inquiry or investigation at law or in equity (before or by any court, agency, arbitrator, public board or body or other entity or person) pending or, to its knowledge, threatened against the Developer nor, to the knowledge of the Developer, any basis therefor (A) in any way contesting the existence of the Developer, or (B) which would have a material adverse effect on the financial condition or operations of the Developer or the consummation of the transactions on the part of the Developer contemplated hereby or by the Developer Fee Pledge; and (7) such other matters reasonably requested by the Placement Agent, the Bond Purchaser or the Issuer.

(f) Opinions of counsel to the Borrower, the General Partner, the Guarantor and/or the Developer, dated the Closing Date and addressed to the Issuer, the Trustee, the Placement Agent and the Bond Purchaser as to the applicable matters in Exhibit D attached hereto.

(g) The approving opinion of Bond Counsel, dated the Closing Date and addressed to the Placement Agent, the Trustee, and the Bond Purchaser, the Trustee and the Issuer, in substantially the form set forth in Exhibit E attached hereto.

(h) An opinion of counsel to the Issuer dated the Closing Date and addressed to the Placement Agent, the Bond Purchaser, the Trustee and the Issuer, in substantially the form set forth in Exhibit F attached hereto.

(i) A certificate of the Managing Agent signed by an authorized signatory of the Managing Agent to the effect that (1) the Managing Agent has full power and authority to enter into, execute and deliver (i) Management Agreement for the management of the Project and (ii) the Consent to Assignment and Subordination of Management Fees (together with the Management Agreement, the “Managing Agent Documents”) executed by the Borrower in favor of the Trustee; (2) there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, pending or, to the best knowledge of the Managing Agent, threatened against or affecting the Managing Agent, nor, to the best knowledge of the Managing Agent, is there any

basis therefor, wherein an unfavorable decision, ruling or finding would, in any way materially and adversely affect the transactions contemplated by the Managing Agent Documents or which, in any way, would adversely affect the management or operation of the Project or which might result in any material adverse change in the business, operations, properties, assets, liabilities or condition (financial or other) of the Managing Agent; and (3) such other matters reasonably requested by the Placement Agent, the Bond Purchaser or the Issuer.

(j) A pro forma mortgagee title insurance policy issued by the Title Company to the Trustee, dated effective as of the date of recording of the Mortgage, in form, scope and substance satisfactory to the Placement Agent and the Bond Purchaser, insuring the lien of the Mortgage in an amount equal to the maximum aggregate face amount of the Bonds, subject only to such liens and encumbrances as the Placement Agent and the Bond Purchaser may approve.

(k) Evidence of the insurance required under the Loan Agreement, including, without limitation, flood insurance to the extent that any portion of the Project is located in a Special Flood Hazard area as defined by the United States Department of Housing and Urban Development.

(l) A certified legal description and ALTA/ACSM Land Title Survey of the land included in the Project by a surveyor approved by the Placement Agent and the Bond Purchaser in form and substance acceptable to the Placement Agent and the Bond Purchaser.

(m) Evidence in such form as the Placement Agent and the Bond Purchaser may reasonably require of (i) satisfactory subdivision of the Project and zoning for all buildings and improvements; (ii) the valid issuance of all necessary permits and licenses to construct and operate the buildings and improvements, including without limitation all permits and licenses required under applicable law with respect to subdivision, zoning, safety, building, occupancy, fire protection, environmental, energy and similar matters; (iii) the availability of all utility and municipal services required for the operation of the buildings and improvements; and (iv) the availability of means of access to and from such property, by means of public ways or easements benefiting such property.

(n) Evidence reasonably satisfactory to the Placement Agent and the Bond Purchaser that building permits have been provided or will be provided upon the payment of fees.

(o) A budget detailing the costs of the proposed construction of the Project and plans and specifications detailing the scope of such construction, all satisfactory to the Placement Agent and the Bond Purchaser.

(p) Copies of contracts with an architect and a general contractor or prime contractors, satisfactory to the Placement Agent and the Bond Purchaser, for

the performance of the construction, plus consents of the assignments of all such contracts to the Trustee by each professional.

(q) Evidence reasonably satisfactory to the Placement Agent and the Bond Purchaser to the effect that the final plans and specifications and the construction contract(s) satisfactorily provide for the construction of the Project, and construction of the Project can be completed within the time provided in such construction contract(s) for an amount not greater than the amounts allocated for such purpose on the submitted budget.

(r) Copies of a contract with the Managing Agent, satisfactory to the Placement Agent and the Bond Purchaser, for the management of the property, plus consents of the assignments of all such contracts to the Trustee by such Managing Agent.

(s) An environmental site assessment satisfactory to the Placement Agent and the Bond Purchaser in scope, form and substance, and performed and certified to the Placement Agent and the Bond Purchaser by an environmental engineer satisfactory to the Placement Agent and the Bond Purchaser.

(t) For each of the Borrower, the General Partner and each Guarantor (if such Guarantor is not an individual), a certified copy of its organizational documents as in effect on the Closing Date, including copies of all filed documents, which shall, with respect to the Borrower and the General Partner, contain provisions denoting its single purpose entity status, and evidence that all action necessary for the valid execution, delivery and performance by the Borrower, the General Partner and the Guarantor of this Agreement and the other Borrower Documents and Guarantor Documents, respectively, as applicable, to which it is or is to become a party shall have been duly and effectively taken.

(u) A certificate of the Trustee (which may be combined with another closing certificate customarily delivered by the Trustee at Closing), dated the Closing Date, in form and substance satisfactory to the Placement Agent and the Bond Purchaser, signed by an authorized officer of the Trustee, to the effect that (1) the Trustee has all necessary power and authority to accept the trusts granted under the Indenture and to perform its duties under the Trustee Documents; (2) the Trustee Documents have been duly authorized, executed and delivered by an authorized officer of the Trustee; (3) the Bonds have been authenticated by an authorized representative of the Trustee and delivered to or at the direction of the Placement Agent or the Bond Purchaser; and (4) no consent, approval, authorization or order of, or filing, registration or declaration with, any court or governmental agency or body is required on behalf of the Trustee for the execution and delivery by the Trustee of the Trustee Documents or the performance by the Trustee of its obligations thereunder.

(v) A properly completed and executed IRS Form 8038 as to the Tax-Exempt Bonds to be filed with the IRS promptly following the Closing Date.

(w) An opinion or opinions of the Attorney General of the State of Texas (“Attorney General”) approving the Bonds and certification(s) from the Attorney General representing compliance with Section 1372.037(b), Texas Government Code, and a certificate or certificates of registration of the Bonds by the Comptroller of Public Accounts of the State.

(x) Such other documents, certificates, approvals, assurances and opinions as the Placement Agent, the Bond Purchaser or the Issuer may reasonably request.

8.3 If any of the conditions set forth in Sections 8.1 or 8.2 has not been met on the Closing Date, the Placement Agent or the Bond Purchaser may, at its option, terminate this Agreement or proceed to Closing upon waiving any rights under this Agreement with respect to any such condition. If this Agreement is terminated pursuant to this Section, no party will have any rights or obligations to the other parties hereto, except as provided in Sections 11 and 12.

Section 9. Closing.

9.1 The Closing will take place at the time and on the date set forth in Item 5 in Exhibit B or at such other time or on such other date as may be mutually agreed upon by the Issuer, the Borrower, the Placement Agent and the Bond Purchaser.

9.2 The following actions will take place at the Closing:

(a) Not later than the day before the Closing Date, the Bond Purchaser will provide, and the Borrower, and the Issuer and/or Bond Counsel, on its behalf, will approve, the Closing Memorandum.

(b) Prior to 10:00 a.m., Eastern Time, on the Closing Date, or at such time on such earlier or later date as shall be agreed upon in writing by the Placement Agent, the Issuer, the Borrower and the Bond Purchaser, the Bond Purchaser shall initiate a wire transfer in immediately available funds to be deposited with the Trustee pursuant to its wire instructions set forth in the Closing Memorandum of the Purchase Price for the Bonds, which funds the Issuer and the Bond Purchaser shall instruct the Trustee to hold in escrow for the benefit of the Bond Purchaser pending release by the Bond Purchaser upon its acceptance of the delivery of the Bonds as set forth in the following paragraph. Upon the Bond Purchaser’s release, the Issuer shall apply the Purchase Price to the purchase of the Bonds. As a condition precedent to such acceptance, the Placement Agent shall have received the Placement Agent’s Fee by wire transfer in immediately available federal funds to the order of the Placement Agent, in such manner as shall be agreed upon by the Borrower and the Placement Agent (but in no event shall such fee be netted against the purchase price of the Bonds).

(c) At 11:00 a.m., Eastern Time, on the Closing Date, or at such time on such earlier or later date as shall be agreed upon in writing by the Placement Agent, the Issuer, the Borrower and the Bond Purchaser:

(i) The Issuer shall direct the Trustee to deliver the Bonds to or at the direction of the Bond Purchaser, in definitive form, duly executed by the Issuer and authenticated by the Trustee;

(ii) The Issuer, the Borrower and the Bond Purchaser shall deliver or cause to be delivered at or from the offices of Bond Counsel, the Closing Documents; and

(iii) (a) The Bond Purchaser shall accept delivery of the Bonds and release the Purchase Price for the Bonds, which shall be deposited by the Trustee in the Accounts set forth in the Indenture upon the issuance of the Bonds and applied as set forth in the Indenture and the Closing Memorandum and (b) the Trustee shall deliver the physical Bonds to the Bond Purchaser in exchange for an amount equal to the Purchase Price.

9.3 As a condition precedent to such acceptance by the Bond Purchaser, the Trustee shall have received the deposits required to be made in the Accounts on the Closing Date, all in accordance with the Indenture and the Closing Memorandum.

9.4 In the event that the Closing has not occurred by 3:00 p.m., Eastern Time, on the date set forth above, the Issuer shall instruct the Trustee to return the Purchase Price to the Bond Purchaser by wire transfer pursuant to instructions provided by the Bond Purchaser to the Trustee; provided that upon written notice to the Placement Agent, the Issuer, the Borrower and the Trustee, the Bond Purchaser may extend the foregoing deadline in its sole discretion.

Section 10. Termination of Agreement.

10.1 The Placement Agent or the Bond Purchaser shall have the right to cancel its obligation to place and purchase the Bonds and to terminate this Agreement by written notice to the Issuer and the Borrower if, at any time subsequent to the date hereof and at or prior to the Closing, in the Placement Agent's and the Bond Purchaser's sole and reasonable judgment any of the following events shall occur (each a "**Termination Event**"):

(a) The market price or marketability of the Bonds shall be materially adversely affected by any of the following events:

(i) Legislation shall have been enacted by the Congress of the United States or the legislature of the State or shall have been favorably reported out of committee of either body or be pending in committee of either body, or shall have been recommended to the Congress for passage by the President of the United States or a member of the President's Cabinet, or a decision shall have been rendered by a court of the United States or the State or the Tax Court of the United States, or a ruling, resolution, regulation or temporary regulation, release or announcement shall have been made or shall have been proposed to be made by the Treasury Department of the United States or the Internal Revenue Service, or other federal or state

authority with appropriate jurisdiction, with respect to federal or state taxation upon interest received on obligations of the general character of the Tax-Exempt Bonds; or

(ii) There shall have occurred (A) an outbreak or escalation of hostilities or the declaration by the United States of a national emergency or war or (B) any other calamity or crisis in the financial markets of the United States or elsewhere or the escalation of such calamity or crisis; or

(iii) A general suspension of trading on the New York Stock Exchange or other major exchange shall be in force, or minimum or maximum prices for trading shall have been fixed and be in force, or maximum ranges for prices for securities shall have been required and be in force on any such exchange, whether by virtue of determination by that exchange or by order of the SEC or any other governmental authority having jurisdiction; or

(iv) Legislation shall have been enacted by the Congress of the United States or shall have been favorably reported out of committee or be pending in committee, or shall have been recommended to the Congress for passage by the President of the United States or a member of the President's Cabinet, or a decision by a court of the United States shall be rendered, or a ruling, regulation, proposed regulation or statement by or on behalf of the SEC or other governmental agency having jurisdiction of the subject matter shall be made, to the effect that any obligations of the general character of the Bonds or any comparable securities of the Issuer are not exempt from the registration, qualification or other requirements of the 1933 Act or the 1939 Act or otherwise, or would be in violation of any provision of the federal securities laws; or

(v) Except as disclosed to the Placement Agent and the Bond Purchaser, any material adverse change in the affairs or financial condition of the Borrower, the General Partner or Guarantor shall have occurred; or

(vi) Any litigation is instituted or threatened to restrain or enjoin the issuance, sale or delivery of the Bonds or in any way contesting, questioning or affecting any authority for or the validity of the Bonds, any of the Issuer Documents or Borrower Documents or the money or revenues pledged to the payment thereof or any of the proceedings of the Issuer taken with respect to the issuance and sale thereof, or the existence or powers of the Issuer or the Borrower; or

(vii) Any state "blue sky" or securities commission or other governmental agency or body shall have withheld registration, exemption or clearance of the offering of the Bonds as described herein, or issued a stop order or similar ruling relating thereto; or

(b) A general banking moratorium shall have been declared by federal or state authorities having jurisdiction and be in force; or

(c) A material disruption in securities settlement, payment or clearance services affecting the Bonds shall have occurred; or

(d) A decision by a court of the United States shall be rendered, or a stop order, release, regulation or no-action letter by or on behalf of the SEC or any other governmental agency having jurisdiction of the subject matter shall have been issued or made, to the effect that the issuance, offering or sale of the Bonds, including the underlying obligations as contemplated by this Agreement, or any document relating to the issuance, offering or sale of the Bonds, is or would be in violation of any provision of the federal securities laws at the Closing Date, including the 1933 Act, the 1934 Act and the 1939 Act; or

(e) There shall have occurred any governmental action that, in the opinion of the Placement Agent or the Bond Purchaser or counsel to the Placement Agent or the Bond Purchaser, has the effect of requiring any governmental consents, approvals, orders or authorizations for the consummation of the transactions contemplated by this Agreement, the other Issuer Documents, the Borrower Documents or the Guarantor Documents which cannot, without undue expense, be obtained prior to the Closing Date; or

(f) There shall have occurred any change that, in the reasonable judgment of the Placement Agent or the Bond Purchaser, makes unreasonable or unreliable any of the assumptions upon which: (i) yield on the Bonds for purposes of compliance with the Code, (ii) payment of debt service on the Bonds, or (iii) the basis for the excludability from gross income for federal income tax purposes of interest on the Bonds is predicated.

10.2 Upon the occurrence of a Termination Event and the termination of this Agreement by the Placement Agent or the Bond Purchaser, all obligations of the Placement Agent, the Issuer, the Borrower, the Bond Purchaser under this Agreement shall terminate, without further liability, except as provided in Sections 11 and 12.

Section 11. Fees and Expenses; Costs of Issuance.

11.1 The Borrower shall pay or cause to be paid all costs of issuance of the Bonds, including all reasonable expenses incident to the performance of the Placement Agent's, the Issuer's and the Bond Purchaser's obligations hereunder in connection with the placement and purchase of the Bonds, including, but not limited to, (a) the fees set forth in Section 2.02(a) of the Loan Agreement when due; (b) the cost of producing, authenticating and delivering the Bonds; (c) the fees and expenses of the Issuer; (d) the fees and disbursements of all applicable legal counsel, including Bond Counsel, Issuer's counsel, Placement Agent's counsel, Bond Purchaser's counsel and Trustee's counsel; (e) the fees and expenses, including without limitation all initial and continuing fees and expenses, of the Trustee and the Dissemination Agent and all paying agents, transfer agents

and bond registrars; (f) the fees and expenses, including travel expenses, incurred by representatives of the Borrower or the Issuer in connection with the issuance, sale and delivery of the Bonds; (g) CUSIP fees; (h) the Placement Agent's Fee and the Bond Purchaser's Fee as provided in Section 2 hereof; (i) all other reasonable and applicable fees of professionals hired in connection with the issuance of the Bonds, and (j) all other expenses in connection with the private sale of the Bonds. The Borrower shall also pay for any expenses incurred by the Placement Agent and the Bond Purchaser which are incidental to implementing this Agreement and the issuance of the Bonds, and any other miscellaneous closing costs. The Borrower acknowledges it had an opportunity, in consultation with such advisors as it deemed appropriate, if any, to evaluate and consider the fees and expenses being incurred as part of the issuance of the Bonds.

11.2 The Borrower shall indemnify the Placement Agent, the Issuer and the Bond Purchaser with respect to the foregoing costs and expenses set forth in Section 11.1 in the event that the purchase provided herein is not consummated unless, insofar as indemnification of the Bond Purchaser is concerned, such purchase is prevented at the Closing Date by the Bond Purchaser's default, negligence or willful misconduct.

11.3 The Issuer shall not have any obligation to pay any fees, expenses or costs associated with or resulting from the issuance and delivery of the Bonds.

Section 12. Indemnification.

12.1 To the fullest extent permitted by law, the Borrower agrees to pay, defend, protect, indemnify, save and hold harmless the Placement Agent, the Issuer and the Bond Purchaser, and each past, present and future governing board member, member, officer, director, official, employee and agent of the Placement Agent, the Issuer and the Bond Purchaser, and each person, if any, who controls any of the foregoing within the meaning of Section 15 of the 1933 Act, or Section 20 of the 1934 Act (collectively referred to herein as the "**Indemnified Parties**"), against any and all liabilities, losses, damages, costs, expenses (including reasonable attorneys' fees), causes of action (whether in contract, tort or otherwise), suits, claims, demands and judgments of any kind, character and nature (collectively referred to herein as the "**Liabilities**," and each, a "**Liability**") directly or indirectly arising from or in any way relating to any breach by the Borrower of any representation, warranty, covenant, term or condition in, or the occurrence of any default under, the Bonds, the Loan, the Loan Agreement, the Note, the Indenture, this Agreement, the Project or any document related to the Bonds or the Project (collectively, the "**Transaction Documents**") or any transaction or agreement pertaining to the foregoing.

12.2 Any Indemnified Party shall notify the Borrower of the existence of any Liability to which this indemnification obligation would apply and shall give to the Borrower an opportunity to defend the same at the Borrower's expense and with counsel satisfactory to the Indemnified Party, provided that the Indemnified Party shall at all times also have the right to fully participate in the defense and provided further that the Issuer Indemnified Parties (as defined in the Loan Agreement) shall have the right to employ separate counsel in any action hereunder at the sole expense of the Borrower. If there may be legal defenses available to the Indemnified Party that are in conflict with those available

to the Borrower or if the Borrower shall, after this notice and within a period of time necessary to preserve any and all defenses to any claim asserted, fail to assume the defense or to employ counsel for that purpose satisfactory to the Indemnified Party, the Indemnified Party shall have the right, but not the obligation, to undertake the defense of, and to compromise or settle the claim or other matter on behalf of, for the account of, and at the risk of, the Borrower, provided that any compromise or settlement shall be entered into only with the consent of the Borrower.

12.3 In order to provide for just and equitable contribution in circumstances in which the indemnity provided for in Section 12.2 is for any reason held to be unavailable (other than a holding to the effect that the specific circumstances are not the subject of the indemnity), the Borrower and the Indemnified Party shall contribute proportionately to the aggregate Liabilities to which the Borrower and the Indemnified Party may be subject, so that the Indemnified Party is responsible for that portion represented by the percentage that the fees paid by the Borrower to the Indemnified Party in connection with the issuance and administration of the Bonds bear to the aggregate offering price of the Bonds, with the Borrower responsible for the balance; provided, however, that in no case shall the Indemnified Party be responsible for any amount in excess of the fees paid by the Borrower to the Indemnified Party in connection with the issuance and administration of the Bonds. Notwithstanding the provisions of this Section 12.3, an Issuer Indemnified Party (as defined in the Loan Agreement) shall not be required to contribute, and shall not contribute, to any such indemnity.

12.4 The Indemnified Parties, other than the Placement Agent, the Issuer and the Bond Purchaser, shall be considered to be intended third party beneficiaries of this Agreement for purposes of indemnification and exculpation from liability, the provisions of which shall be in addition to all liability that the Borrower may otherwise have and shall survive any termination of this Agreement, the private sale of the Bonds and the payment or provisions for payment of the Bonds.

12.5 The indemnification hereunder shall be in addition to, and shall not limit, any indemnity granted by the Borrower pursuant to the Loan Agreement, the Regulatory Agreement, or any other Bond Document.

12.6 The indemnification obligations hereunder shall be limited as follows: (a) in the case of any Indemnified Party other than the Issuer and its related Indemnified Parties, they shall not be indemnified by the Borrower with respect to Liabilities caused by the gross negligence or willful misconduct of such party, and (b) in the case of the Issuer and any related Indemnified Party, they shall not be indemnified by the Borrower with respect to Liabilities arising from their own bad faith, fraud or willful misconduct.

12.7 Notwithstanding anything to the contrary contained in this Section 12, it is understood and agreed that nothing in this Section 12 or elsewhere in this Agreement shall be deemed or construed as a modification of or limitation on the rights of the Issuer and the Issuer Indemnified Parties (as defined in the Loan Agreement) to indemnification from the Borrower under the indemnification provisions of the Loan Agreement AND THAT THE RELEASE AND INDEMNIFICATION OF THE ISSUER AND THE ISSUER

INDEMNIFIED PARTIES PROVIDED FOR IN SECTION 2.05 OF THE LOAN AGREEMENT SHALL APPLY TO THIS AGREEMENT AS IF FULLY SET FORTH HEREIN; THE BORROWER FURTHER ACKNOWLEDGES THAT SECTION 2.05 OF THE LOAN AGREEMENT PROVIDES THAT THE BORROWER SHALL RELEASE AND INDEMNIFY THE ISSUER AND THE ISSUER INDEMNIFIED PARTIES AGAINST ITS OR THEIR OWN NEGLIGENCE OF ANY KIND, DEGREE OR DESCRIPTION.

Section 13. Placement Agent Not Acting as Advisor or Fiduciary. The Issuer, the Bond Purchaser and the Borrower each acknowledge and agree that (a) the private sale of the Bonds pursuant to this Agreement is an arm's-length commercial transaction among the Issuer, the Borrower and the Bond Purchaser, (b) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Placement Agent is and has been acting solely as a principal and is not acting as the agent, advisor, municipal advisor or fiduciary of the Issuer, the Bond Purchaser or the Borrower, (c) the Placement Agent has not assumed an advisory or fiduciary responsibility in favor of the Issuer, the Bond Purchaser or the Borrower with respect to the offering contemplated hereby or the discussions, undertakings and procedures leading thereto (irrespective of whether the Placement Agent has provided other services or is currently providing other services to the Issuer, the Bond Purchaser or the Borrower on other matters) and the Placement Agent has no obligation to the Issuer, the Bond Purchaser or the Borrower with respect to the offering contemplated hereby except the obligations expressly set forth in this Agreement and (d) the Issuer, the Bond Purchaser and the Borrower have consulted their own legal, financial and other advisors to the extent they deem appropriate. Further, the Issuer, the Bond Purchaser and the Borrower expressly release the Placement Agent from any obligation to market the Bonds to any potential investor other than the Bond Purchaser.

Section 14. Corporate Obligations.

14.1 The obligations of each party hereunder shall be without recourse to any governing board member, director, shareholder, member, partner, trustee, officer, employee, agent or manager of such party and no governing board member, director, shareholder, member, partner, trustee, officer, employee, agent or manager of the any party shall be personally liable for the payment of any obligation of such party hereunder. In the event any legal actions or proceedings are brought in respect of such obligations, any judgment against the any party shall be enforced only against the assets of such party and not against any property of any governing board member, director, shareholder, member, partner, trustee, officer, employee, agent or manager of such party.

Section 15. Verifications of Statutory Representations and Covenants. Each of the Borrower, the Placement Agent and the Bond Purchaser makes the following representation and covenants pursuant to Chapters 2252, 2271, 2274, and 2276, Texas Government Code (the "Government Code"), as heretofore amended, in entering into this Agreement. As used herein, "affiliate" means an entity that controls, is controlled by, or is under common control with the Placement Agent or the Bond Purchaser within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit. Liability for breach of any such verification during the term of this Agreement shall survive until barred by the applicable statute of limitations and shall not be

liquidated or otherwise limited by any provision of this Agreement, notwithstanding anything in this Agreement to the contrary.

15.1 *Not a Sanctioned Company.* Each of the Borrower, the Placement Agent and the Bond Purchaser represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153, Government Code, or Section 2270.0201, Government Code. The foregoing representation excludes the Borrower, the Placement Agent and the Bond Purchaser and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization.

15.2 *No Boycott of Israel.* Each of the Placement Agent and the Bond Purchaser hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and will not boycott Israel during the term of this Agreement. As used in the foregoing verification, “boycott Israel” has the meaning provided in Section 2271.001, Government Code.

15.3 *No Discrimination Against Firearm Entities.* Each of the Placement Agent and the Bond Purchaser hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and will not discriminate against a firearm entity or firearm trade association during the term of this Agreement. As used in the foregoing verification, “discriminate against a firearm entity or firearm trade association” has the meaning provided in Section 2274.001(3), Government Code.

15.4 *No Boycott of Energy Companies.* Each of the Placement Agent and the Bond Purchaser hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott energy companies and will not boycott energy companies during the term of this Agreement. As used in the foregoing verification, “boycott energy companies” has the meaning provided in Section 2276.001(1), Government Code.

15.5 *Applicability to Borrower.* For purposes of Chapter 2271, Texas Government Code, Chapter 2274, Texas Government Code, and Chapter 2276, Texas Government Code, the Borrower hereby represents that it does not have at least 10 full-time employees.

Section 16. Representation Regarding Texas Attorney General Standing Letter and Bringdown Verification. Each of the Placement Agent and the Bond Purchaser represents and verifies that it is aware of the Texas Office of the Attorney General’s (the “Texas Attorney General”) All Bond Counsel Letter, dated November 1, 2023, that is available on the website of the Texas Attorney General using the following link: (<https://www.texasattorneygeneral.gov/sites/default/files/files/divisions/public-finance/ABCLetter-11-01-2023.pdf>) and the Texas Attorney General’s supplemental All Bond Counsel Letter, dated November 16, 2023, that is available on the website of the Texas Attorney General using the following link: (<https://texasattorneygeneral.gov/sites/default/files/files/divisions/public-finance/ABCLetter-11-16-2023.pdf>)

06-2023.pdf). Each of the Placement Agent and the Bond Purchaser represents and verifies that such entity has (i) on file a standing letter (“Standing Letter”) acceptable to the Texas Attorney General addressing the representations and verifications in Paragraph 15.1 through 15.4 hereof, and (ii) will, upon request of the Issuer or Bond Counsel on behalf of the Issuer, provide the Issuer and Bond Counsel with a copy of its Standing Letter. Each of the Placement Agent and the Bond Purchaser further represents and verifies that its Standing Letter remains in effect as of the date of this Agreement and that the Texas Attorney General has not notified such entity that a determination has been made that such entity boycotts energy companies or has a policy that discriminates against firearm entities or firearm trade associations under the laws of the State of Texas. Upon request of the Issuer or Bond Counsel on the Issuer’s behalf, each of the Placement Agent and the Bond Purchaser shall provide additional written certifications to the Issuer and Bond Counsel (which may be by email) to the effect that the Texas Attorney General may continue to rely on the Standing Letter and the statutory representations and covenants contained in this Agreement through the Closing Date (the “Bringdown Verification”). The Issuer reserves the right, and the Placement Agent and the Bond Purchaser each hereby expressly authorize the Issuer, to provide such Bringdown Verification to the Texas Attorney General.

Section 17. Miscellaneous.

17.1 All notices, demands and formal actions hereunder will be in writing and mailed, telecopied or delivered to the following addresses or such other address as any of the parties shall specify:

If to the Bond Purchaser: NewPoint Impact Fund I LP
1 Battery Park Place
Suite 600
New York, NY 10010
Attention: Robert A. Wrzosek
Attn: Robert Wrzosek – NewPoint REIM
Email: rob.wrzosek@newpoint.com

If to the Issuer: Texas Department of Housing and Community
Affairs
P.O. Box 13941
Austin, TX 78711
Attention: Director of Multifamily Bonds
Telephone: (512) 475-3344
E-mail: teresa.morales@tdhca.state.tx.us

If to the Borrower: LDG The Ridge at Loop 12, LP
c/o LDG Development, LLC
545 S. 3rd St.
Louisville, KY 40202
Attention: Justin Hartz
Email: jhartz@ldgdevelopment.com

With copies to:

Adams Law Group
6004 Brownsboro Park Blvd. Suite A
Louisville, KY 40207
Attention: Robert W. "Tad" Adams III
Email: rwa@tadamslaw.com

Dallas Housing Finance Corporation
1500 Marilla St., Room 6CN
Dallas, Texas 75201
Attention: [Aaron Eaquinto]
Email: aaron@dallashfc.com

and

Chapman and Cutler
320 S. Canal St., 27th Floor
Chicago, IL 60606
Attention: Ryan Bowen
Email: rbowen@chapman.com

and to the Tax Credit Investor

Wincopin Circle LLLP
c/o Enterprise Community Asset Management, Inc.
70 Corporate Center
11000 Broken Land Parkway
Columbia, Maryland 21044
Attn: Asset Management

If to the Placement Agent: NewPoint Real Estate Capital Securities LLC
1 Battery Park Place
Suite 600
New York, NY 10010
Attn: Robert Wrzosek – NewPoint REIM
Email: rob.wrzosek@newpoint.com

Copies to counsel shall not constitute notice to the parties.

17.2 This Agreement will inure to the benefit of and be binding upon the parties hereto and their permitted successors and assigns and will not confer any rights upon any other person except as provided herein with respect to the Holders of the Bonds.

17.3 This Agreement may not be assigned by the Issuer or the Borrower. This Agreement may be assigned by the Bond Purchaser to an Approved Buyer upon written notice of such assignment from the Bond Purchaser to the Placement Agent, the Issuer and the Borrower.

The Bond Purchaser may designate the entity in whose name the Bonds are to be registered at Closing by providing registration information to the Trustee and an Investor Letter in the form prescribed in the Indenture on or prior to the Closing Date. This Agreement may be assigned by the Placement Agent.

17.4 This Agreement may not be amended without the prior written consent of the Placement Agent, the Issuer, the Borrower and the Bond Purchaser.

17.5 The representations, covenants and agreements of the Issuer and the Borrower will not be deemed to have been discharged, satisfied or otherwise rendered void by reason of the Closing and regardless of (a) any investigations made by or on behalf of the Placement Agent or Bond Purchaser (or statements as to the results of such investigations) concerning such representations, covenants and agreements and (b) delivery of and payment for the Bonds.

17.6 This Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered will be an original, but all such counterparts will together constitute but one and the same instrument. To the fullest extent permitted by applicable law, electronically transmitted or facsimile signatures shall constitute original signatures for all purposes under this Agreement.

17.7 This Agreement supersedes and replaces all prior negotiations, agreements and understandings between the parties hereto in relation to the sale of the Bonds.

17.8 This Agreement will become effective and binding upon the respective parties hereto upon the execution and delivery hereof by the parties hereto and will be valid and enforceable as of the time of such execution and delivery.

17.9 If any provision of this Agreement is held or deemed to be or is, in fact, inoperative, invalid or unenforceable as applied in any particular case in any jurisdiction or jurisdictions, or in all jurisdictions because it conflicts with any provision of any constitution, statute, rule of public policy, or any other reason, such circumstances will not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance or of rendering any other provision or provisions of this Agreement invalid, inoperative or unenforceable to any extent whatever.

17.10 This Agreement will be governed by and construed in accordance with the laws of the State applicable to agreements to be performed wholly therein, without regard to conflict of law principles.

17.11 All representations, warranties and agreements in this Agreement shall remain operative and in full force and effect, regardless of (a) any investigation made by or on behalf of the parties, (b) delivery of any payment under this Agreement for the Bonds, and (c) except as otherwise provided in this Agreement, any termination of this Agreement.

[SIGNATURES ON NEXT PAGE]

If the foregoing accurately sets forth our mutual understanding concerning the subject matter hereof, kindly indicate acceptance by executing this Agreement and returning this executed Agreement to the undersigned.

**NEWPOINT REAL ESTATE CAPITAL
SECURITIES LLC,**
a Delaware limited liability company

By:

By: _____
Name:
Title:

[SIGNATURES CONTINUED ON NEXT PAGE]

Accepted as of the date first above written:

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

By: _____
Name: James B. "Beau" Eccles
Title: Secretary to Board

[SIGNATURES CONTINUED ON NEXT PAGE]

Accepted as of the date first above written:

LDG THE RIDGE AT LOOP 12, LP, a Texas
limited partnership

By: DHFC The Ridge at Loop 12 GP, LLC, a
Texas limited liability company,
its general partner

By: Dallas Housing Finance Corporation,
a Texas housing finance corporation,
its sole member

By: _____
Name: Mary Helfand
Title: President

[SIGNATURES CONTINUED ON NEXT PAGE]

Accepted as of the date first above written:

NEWPOINT IMPACT FUND I LP,
a Delaware limited partnership

By: NEWPOINT REAL ESTATE
INVESTMENT MANAGEMENT LLC,
a Delaware limited liability company,
its investment member

By: _____
Name: Robert Wrzosek
Title: Authorized Person

EXHIBIT A

GLOSSARY OF TERMS

“**1933 Act**” means the Securities Act of 1933, as amended.

“**1934 Act**” means the Securities Exchange Act of 1934, as amended.

“**1939 Act**” means the Trust Indenture Act of 1939, as amended.

“**2025A-1 Bonds**” means the \$[SERIES A-1 PRINCIPAL] Multifamily Housing Revenue Bonds (The Ridge at Loop 12) Series 2025A-1.

“**2025A-2 Bonds**” means the \$[SERIES A-2 PRINCIPAL] Multifamily Housing Revenue Bonds (The Ridge at Loop 12) Series 2025A-2.

“**2025B Bonds**” means the \$[SERIES B PRINCIPAL] Multifamily Housing Revenue Bonds (The Ridge at Loop 12) Taxable Series 2025B.

“**Accounts**” means all of the funds and accounts to be established under, and defined in, the Indenture.

“**Act**” means Chapter 2306 of the Texas Government Code, as now in effect and as it may from time to time hereafter be amended or supplemented.

“**Agreement**” means this Bond Placement Agreement, as amended from time to time.

“**Assignment of Capital Contributions**” means that certain Assignment of Capital Contributions to be dated as of [March 1, 2025], from the Borrower to the Trustee.

“**Assignment of Management Agreement**” means that certain Assignment of Management Agreement to be dated as of [March 1, 2025], from the Borrower to the Trustee, together with the consent of the Managing Agent.

“**Assignment of Project Documents**” means that certain Assignment of Project Documents to be dated as of [March 1, 2025], from the Borrower to the Trustee

“**Bond Counsel**” means, Bracewell LLP.

“**Bond Documents**” means, collectively, the Borrower Documents and the Issuer Documents.

“**Bond Purchaser**” means NewPoint Impact Fund I LP, together with its permitted successors and assigns hereunder.

“**Bond Resolution**” means Resolution No. [_____] adopted by the Issuer on _____, 2024, duly authorizing and directing the issuance, sale and delivery of the Bonds].

“**Bonds**” means, individually or collectively as context may dictate, the 2025A-1 Bonds, the 2025A-2 Bonds and the 2025B Bonds.

“**Borrower**” means LDG The Ridge at Loop 12, LP, a Texas limited partnership, together with its permitted successors and assigns hereunder.

“**Borrower Documents**” means, collectively, this Agreement, the Loan Agreement, the Regulatory Agreement, Tax Exemption Agreement, the Mortgage, the Note, the Continuing Disclosure Agreement, the Environmental Indemnity, the Assignment of Project Documents, Assignment of Capital Contributions, the Assignment of Management Agreement and Consent, the Replacement Reserve Agreement, and all other agreements, documents and certificates as may be required to be executed and delivered by the Borrower to carry out, give effect to, and consummate the transactions contemplated by this Agreement or by the other Borrower Documents.

“**Class B Limited Partner**” means LDG The Ridge at Loop 12 SLP, LLC, a Texas limited liability company.

“**Closing**” means the proceeding at which the actions described in Section 9 are performed.

“**Closing Date**” means the date on which the Closing takes place as set forth in Item 5 of Exhibit B hereto.

“**Closing Documents**” means the Closing Memorandum and the other documents and instruments required to be delivered for the Closing of the Bonds pursuant to this Agreement.

“**Closing Fees and Expenses**” has the meaning provided in Section 11.

“**Closing Memorandum**” means the Closing Memorandum containing certain wire and deposit instructions relating to delivery and receipt of the Purchase Price for the Bonds, the application of the initial installment of proceeds of the Bonds and the disbursement of certain Closing Fees and Expenses.

“**Code**” means the Internal Revenue Code of 1986, as amended.

“**Continuing Disclosure Agreement**” means that certain Continuing Disclosure Agreement to be dated as of [March 1, 2025], between the Borrower and the Dissemination Agent.

“**Developer**” means LDG Multifamily, LLC, a limited liability company organized and existing under the laws of the Commonwealth of Kentucky.

“**Developer Fee Pledge**” means that certain Developer Pledge and Security Agreement to be dated as of [March 1, 2025] from the Developer in favor of the Trustee.

“**Dissemination Agent**” means BOKF, NA, as dissemination agent under the Continuing Disclosure Agreement, and its successors or assigns.

“**EMMA**” means the Electronic Municipal Market Access System for municipal securities disclosures maintained by the Municipal Securities Rulemaking Board and located at <http://emma.msrb.org>, or any successor or similar system that is acceptable to or as may be specified by the SEC from time to time.

“**Environmental Indemnity**” means that certain Environmental Indemnity Agreement to be dated as of [March 1, 2025], by the Borrower and the Guarantor in favor of the Trustee.

“**Fee Owner**” means DHFC The Ridge at Loop 12 Landowner, LLC, a Texas limited liability company, and its permitted successors and assigns.

“**General Partner**” means DHFC The Ridge at Loop 12 GP, LLC, a limited liability company duly organized and validly existing under the laws of the State of Texas together with its permitted successors and assigns hereunder.

“**General Partner Pledge**” means the Pledge of Partnership Interests and Security Agreement, dated [March 1, 2025], by the General Partner and Class B Limited Partner, in favor of the Trustee.

“**Guarantor**” means, jointly and severally, LDG Multifamily LLC, a Kentucky limited liability company, and LDG Athena Capital, LLC, a Kentucky limited liability company, together with each of its respective permitted successors and assigns.

“**Guarantor Documents**” means, collectively, the Guaranty of Recourse Obligations to be dated as of [March 1, 2025] from the Guarantor for the benefit of the Trustee, the Guaranty of Completion to be dated as of [March 1, 2025] from the Guarantor for the benefit of the Trustee, the Guaranty of Debt Service and Stabilization to be dated as of as of [March 1, 2025] from the Guarantor for the benefit of the Trustee, and the Environmental Indemnity.

“**Indenture**” means that certain Indenture of Trust to be dated as of [March 1, 2025], between the Issuer and the Trustee.

“**Issuer**” means Texas Department of Housing and Community Affairs, a public and official agency of the State of Texas, together with its successors and assigns.

“**Issuer Assignment**” means, collectively, the Issuer’s endorsement of the Note and that certain Assignment of Mortgage Documents to be dated as of [March 1, 2025], from the Issuer to the Trustee.

“**Issuer Documents**” means, collectively, the Indenture, the Loan Agreement, the Regulatory Agreement, the Tax Exemption Agreement, the Issuer Assignment and this Agreement.

“**Legal Requirements**” means all statutes, codes, laws, ordinances, regulations, rules, policies, or other federal, state, local and municipal requirements of any governmental authority whether now or hereafter enacted or adopted, and all judgments, decrees, injunctions, writs, orders or like action of an arbitrator or a court or other governmental authority of competent jurisdiction (including those pertaining to health, safety or the environment).

“**Loan Agreement**” means that certain Loan Agreement to be dated as of [March 1, 2025], between the Issuer and the Borrower.

“**Managing Agent**” means [_____], a [_____].

“**Mortgage**” means the security instrument entitled Multifamily Leasehold Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing to be dated as of [_____, 2025], from the Borrower to the Issuer and assigned to the Trustee.

“**Note**” means the promissory notes made by Borrower each to be dated the date of issuance of the Bonds from the Borrower to the Issuer and endorsed to the Trustee.

“**Placement Agent**” means NewPoint Real Estate Capital Securities LLC, together with its permitted successors and assigns hereunder.

“**Project Facilities**” means the land and multifamily residential housing facility consisting of a total of 300-units with related amenities and site improvements and related personal property and equipment located in City of Dallas, Dallas County, Texas, the acquisition, construction and equipping of which are being financed with the proceeds of the Bonds and the Related Financing.

“**Purchase Price**” of the Bonds means the aggregate purchase price of the Bonds, as set forth in Item 2 of Exhibit B hereto.

“**Regulatory Agreement**” means the Regulatory and Land Use Restriction Agreement to be dated as of [March 1, 2025] by and among the Issuer, the Borrower, the Fee Owner, and the Trustee, related to the Bonds.

“**Related Financing**” means the financing for the Project, in addition to the financing to be provided by the proceeds of the Bonds, including[, without limitation, the subordinate Tax Credit Assistance Program Repayment Funds loan from Issuer, any] equity capital contributions by the Tax Credit Investor.

“**Replacement Reserve Agreement**” means that certain Replacement Reserve and Security Agreement dated as of [March 1, 2025], between the Borrower and the Trustee.

“**Rule 15c2-12**” means Rule 15c2-12 promulgated by the SEC under the 1934 Act.

“**SEC**” means the Securities and Exchange Commission of the United States.

“**State**” means the State of Texas.

“**Tax Exemption Agreement**” means Tax Exemption Certificate and Agreement dated of even date with the Indenture, among the Issuer, the Borrower and the Trustee, and any and all amendments or supplements thereto.

“**Tax Credit Investor**” means Wincopin Circle LLLP, a Maryland limited liability limited partnership its successors and assigns in such capacity pursuant to the Partnership Agreement of Borrower.

“Tax-Exempt Bonds” means the 2025A-1 Bonds and the 2025A-2 Bonds.

“Termination Event” means Termination Event as defined in Section 10.1 hereof.

“Title Company” means the title insurance company insuring the lien of the Mortgage on the Closing Date.

“Trustee” means BOKF, NA, a national banking association duly organized and validly existing under the laws of the United States of America, or its successors or any other corporation or association resulting from or surviving any consolidation or merger to which it or its successors may be a party and any successor trustee at any time serving as successor trustee under the Indenture.

“Trustee Documents” means the Indenture, the Loan Agreement, the Regulatory Agreement, the Tax Exemption Agreement, the Continuing Disclosure Agreement and all other agreements, documents and certificates as may be required to be executed and delivered by the Trustee or the Dissemination Agent to carry out, give effect to, and consummate the transactions contemplated by this Agreement and the other Trustee Documents.

- (c) Place of Closing: Bracewell LLP, Austin, Texas
- (d) Delivery of Bonds: To, or at the direction of, the Bond Purchaser

SCHEDULE 1 TO EXHIBIT B

<u>Bond Component</u>	<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Purchase Price</u>
Multifamily Housing Revenue Bonds (The Ridge at Loop 12) Series 2025A-1	[_____]	[\$[SERIES A-1 PRINCIPAL]	[_____]%	[Par]
Multifamily Housing Revenue Bonds (The Ridge at Loop 12) Series 2025A-2	[_____]	[\$[SERIES A-2 PRINCIPAL]	[_____]%	[Par]
Multifamily Housing Revenue Bonds (The Ridge at Loop 12) Taxable Series 2025B	[_____]	[\$[SERIES B PRINCIPAL]	[_____]%	[Par]

EXHIBIT C

PURCHASER CERTIFICATE

§[SERIES A-1 PRINCIPAL]

**Texas Department of Housing and Community Affairs
Multifamily Housing Revenue Bonds (The Ridge at Loop 12) Series 2025A-1**

§[SERIES A-2 PRINCIPAL]

**Texas Department of Housing and Community Affairs
Multifamily Housing Revenue Bonds (The Ridge at Loop 12) Series 2025A-2**

and

§[SERIES B PRINCIPAL]

**Texas Department of Housing and Community Affairs
Multifamily Housing Revenue Bonds (The Ridge at Loop 12) Taxable Series 2025B
(the “Bonds”)**

NewPoint Impact Fund I LP (the “**Purchaser**”), the purchaser of the above-referenced Bonds, hereby certifies and represents, as of the date of this certificate, to Texas Department of Housing and Community Affairs (the “**Issuer**”) and LDG The Ridge at Loop 12, LP (the “**Borrower**”) that (capitalized terms used but not defined herein have the meaning specified for such term in the Tax Exemption Certificate and Agreement prepared in connection with the Bonds (the “**Tax Exemption Agreement**”)):

1. ***Purchase Price; Not Acting as an Underwriter.*** The Bond purchase price of par and the interest rate for the Bonds were determined pursuant to an arm’s length negotiation between the Bond Purchaser, NewPoint Real Estate Capital Securities LLC (the “**Placement Agent**”), the Issuer and the Borrower. Neither the Purchaser nor the Placement Agent is acting as an Underwriter with respect to the Bonds. The Purchaser is purchasing the Bonds for its own account at a purchase price equal to the par amount thereof to evidence a private placement loan. The Purchaser has no present intention to sell, reoffer, or otherwise dispose of the Bonds (or any portion of the Bonds). The Purchaser has not contracted with any person other than the Placement Agent pursuant to a written agreement to have such person participate in the initial sale of the Bonds and the Purchaser has not agreed with the Issuer pursuant to a written agreement to sell the Bonds to persons other than Purchaser or a related party to the Purchaser.

2. ***No Related Party.*** The Purchaser is not a “related party” to the Borrower within the meaning of section 1.150-1(b) of the Regulations. Specifically, (i) the Purchaser and the Borrower are not part of the same controlled group of corporations (as defined in section 1563(a) of the Code, except that “more than 50 percent” is substituted for “at least 80 percent” each place it appears) and (ii) the relationship between the Purchaser and the Borrower would not result in a disallowance of losses under section 267 of the Code or section 707(b) of the Code.

Defined Terms.

(a) ***Public*** means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this Purchaser Certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(b) ***Underwriter*** means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this Purchaser Certificate are limited to factual matters only. Nothing in this certificate represents the Purchaser's interpretation of any laws, including specifically Sections 103 and 148 of the Code, and the Regulations promulgated thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer and the Borrower with respect to certain of the representations set forth in the Tax Exemption Agreement to which this Purchaser Certificate is attached and with respect to compliance with the federal income tax rules affecting the Bonds, and by Bracewell LLP in connection with rendering its opinion that the interest on the Bonds is excludable from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

Dated: [_____, 20__]

NEWPOINT IMPACT FUND I LP,
a Delaware limited partnership

By:

By: _____

Name:

Title:

EXHIBIT D

MATTERS TO BE COVERED BY OPINIONS OF COUNSEL

OPINIONS OF COUNSEL TO THE BORROWER, THE GENERAL PARTNER, THE DEVELOPER AND THE GUARANTOR

1. Organization and Qualification. The Borrower is duly formed and validly existing as a limited partnership under the laws of the State and is in good standing and authorized to transact business under the laws of the State. The General Partner is duly formed and validly existing as a limited liability company under the laws of the State and is in good standing and authorized to transact business under the laws of the State. The Developer is duly formed and validly existing as a limited liability company under the laws of the State.

2. Authority and Authorization. Each of the Borrower and the General Partner has all requisite power and authority to execute and deliver the Borrower Documents to which it is a party and to perform its obligations under the Borrower Documents to which it is a party, and all such action has been duly and validly authorized by all necessary action on its part. The Developer has all requisite power and authority to execute and deliver the Developer Fee Pledge and to perform its obligations under the Developer Fee Pledge, and all such action has been duly and validly authorized by all necessary action on the part of the Developer. Each Guarantor has all requisite power and authority to execute and deliver the Guarantor Documents and to perform its obligations under the Guarantor Documents, and all such action has been duly and validly authorized by all necessary action on the part of each Guarantor.

3. Execution and Binding Effect. The Borrower Documents to which the Borrower is a party have been duly and validly authorized, executed and delivered by the Borrower and constitute legal, valid and binding obligations of the Borrower, enforceable in accordance with the terms thereof, except as such enforceability may be limited by bankruptcy, insolvency or other similar laws of general application affecting the enforcement of creditors' rights. The Developer Fee Pledge has been duly and validly authorized, executed and delivered by the Developer and constitute the legal, valid and binding obligation of the Developer, enforceable in accordance with the terms thereof, except as such, enforceability may be limited by bankruptcy, insolvency or other similar laws of general application affecting the enforcement of creditors' rights. The Guarantor Documents have been duly and validly authorized, executed and delivered by the Guarantor and constitute the legal, valid and binding obligation of the Guarantor, enforceable in accordance with the terms thereof, except as such, enforceability may be limited by bankruptcy, insolvency or other similar laws of general application affecting the enforcement of creditors' rights.

4. Authorization and Filings. No authorization, consent, approval, license, exemption or other action by, and no registration, qualification, designation, declaration or filing with, any governmental authority is or will be necessary in connection with the execution and delivery of the Borrower Documents or the Guarantor Documents, or the consummation of the transactions contemplated or performance of or compliance with the terms and conditions thereof, other than the recordings and filings referred to in paragraphs 7, 8 and 9 below.

5. Absence of Conflicts. Neither the execution and delivery of the Borrower Documents and the Guarantor Documents, nor consummation of the transactions therein contemplated, nor performance of or compliance with the terms and conditions thereof will (a) violate any Legal Requirement, (b) conflict with or result in a breach of or a default under the operating agreement of the Borrower, the operating agreement of the General Partner, or, to the best of counsel's knowledge after due inquiry, any agreement or instrument to which any of such parties or the Guarantor is a party or by which any of such parties or the Guarantor or any of their properties may be subject or bound or (c) to the best of counsel's knowledge after due inquiry, violate, conflict with or result in any breach of the terms, conditions or provisions of, or constitute a default under or result in the creation or imposition of any lien, charge, security interest or encumbrance upon any property of the Borrower, pursuant to any indenture, deed of trust, mortgage or other agreement to which any of the Borrower, the General Partner, the Guarantor or the Developer is a party or by which any of them or their assets is bound other than the liens created by the Borrower Documents.

6. Litigation. There is no pending or, to the best of counsel's knowledge after due inquiry, threatened proceeding by or before any court or governmental authority, bureau or agency against or affecting the Borrower, the General Partner, or the Project which, if adversely decided, would have a material adverse effect on the business, operations, condition (financial or otherwise) or prospects of the Borrower, the General Partner, or on the ability of the Borrower to perform its obligations under the Borrower Documents or on the operation of the Project.

There is no pending or, to the best of counsel's knowledge after due inquiry, threatened proceeding by or before any court or governmental authority, bureau or agency against or affecting the Guarantor, that has not already been disclosed in writing to the addresses of this opinion letter, which, if adversely decided, would have a material adverse effect on the business, operations, conditions (financial or otherwise) or prospects of the Guarantor or the ability of the Guarantor to fulfill their respective obligations under the Guarantor Documents.

7. Validity of Mortgage Liens. The Mortgage is in appropriate form for recording and, when recorded in the Dallas County Clerk's Office (the "**Recording Office**"), will create in favor of the Issuer a valid mortgage lien upon and security interest in the Project. The Regulatory Agreement creates a valid and effective encumbrance on the Borrower's leasehold interest in the applicable real property and each is in a form satisfactory for recordation in the Recording Office.

8. Perfection of Security Interests. The Borrower Documents and, when filed with the Secretary of State and the Recording Office, the UCC financing statements, will create in the Trustee and/or Issuer, as applicable, valid and perfected security interests in the collateral described therein, to the extent that perfection may be made by filing.

OPINION OF BOND COUNSEL

[As provided in Exhibit E]

OPINION OF COUNSEL TO THE ISSUER

[As Provided in Exhibit F]

EXHIBIT E
FORM OF OPINION OF BOND COUNSEL

[See attached]

EXHIBIT F
FORM OF OPINION OF COUNSEL TO ISSUER

[See attached]

TAX EXEMPTION CERTIFICATE AND AGREEMENT

Dated as of

[March 1], 2025

among

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS,
as Issuer

and

BOKF, NA,
as Trustee

and

LDG THE RIDGE AT LOOP 12, LP,
as Borrower

regarding

**[\$Series 2025A-1 Par Amount]
TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
MULTIFAMILY HOUSING REVENUE BONDS
(THE RIDGE AT LOOP 12)
SERIES 2025A-1**

AND

**[\$Series 2025A-2 Par Amount]
TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
MULTIFAMILY HOUSING REVENUE BONDS
(THE RIDGE AT LOOP 12)
SERIES 2025A-2**

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TAX EXEMPTION CERTIFICATE AND AGREEMENT

THIS TAX EXEMPTION CERTIFICATE AND AGREEMENT (this “Agreement”) dated as of [March 1], 2025, but effective as of the Issue Date of the Bonds (as defined below) is among the **Texas Department of Housing and Community Affairs** (together with its successors and assigns, the “Issuer”), a public and official agency of the State (as defined herein), **BOKF, NA**, a national banking association organized and existing under the laws of the United States of America, as Trustee under the hereinafter defined Indenture (together with any successor Trustee under the Indenture described below and their respective successors and assigns, the “Trustee”), and **LDG THE RIDGE AT LOOP 12, LP,** a Texas limited partnership (together with its permitted successors and assigns, the “Borrower”) and is entered into in connection with the issuance of the \$[Series 2025A-1 Par Amount] Multifamily Housing Revenue Bonds (The Ridge at Loop 12) Series 2025A-1 and the \$[Series 2025A-2 Par Amount] Multifamily Housing Revenue Bonds (The Ridge at Loop 12) Series 2025A-2 (collectively, the “Bonds”). The representations of facts and circumstances and the covenants of the Issuer made herein are made in part for purposes of fulfilling the requirements set forth in section 1.148-2(b)(2) of the Regulations (as defined herein).

RECITALS

WHEREAS, the Governing Board of the Issuer has determined to authorize the issuance of the Bonds pursuant to and in accordance with the terms of the Indenture (as defined herein) for the purpose of obtaining funds to finance the Project (as defined herein), all under and in accordance with the Constitution and laws of the State (as defined herein); and

WHEREAS, the Issuer desires to use the Proceeds (as defined herein) of the Bonds to fund a mortgage loan to the Borrower (i.e., the Loan, as defined herein) upon the terms and conditions set forth in the Loan Agreement (as defined herein) in order to finance Project Costs (as defined herein); and

WHEREAS, the Issuer and the Borrower desire that interest on the Bonds be excludable from gross income for federal income tax purposes under the Code (as defined herein); and

WHEREAS, the purpose of executing this Agreement is to set forth various facts, certifications, covenants, representations, and warranties regarding the Bonds and the Project and to establish the expectations of the Issuer, the Borrower, and the Trustee as to future events regarding the Bonds, the Project, and the use and investment of Proceeds of the Bonds.

NOW THEREFORE, in consideration of the premises and the mutual representations, covenants and undertakings set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the undersigned do hereby certify, covenant, represent, and agree on behalf of the Issuer, the Borrower, and the Trustee (but not in their individual capacities), respectively, as follows:

1. **Definitions.** Each capitalized term used in this Agreement has the meaning ascribed to such term below or has the meaning or is the amount, as the case may be, specified for such term in this Agreement or in Exhibits to this Agreement and for all purposes hereof has the meaning or is in the amount therein specified. All capitalized terms used but not defined herein,

to the extent that such terms are defined in the Indenture, the Loan Agreement, or the Regulatory Agreement for all purposes hereof have the meanings therein specified. All such terms defined in the Code or Regulations that are not defined herein will for all purposes hereof have the same meanings as given to those terms in the Code and Regulations unless the context clearly requires otherwise.

“Bond Counsel” means any counsel nationally recognized as having an expertise in connection with the excludability of interest on obligations of states and local governmental units from gross income for federal income tax purposes, and initially shall mean Bracewell LLP.

“Bond Fund” means the “Bond Fund” established pursuant to the Indenture, including the Series A-1 Bond Fund Account, the Series A-2 Bond Fund Account and the Series B Bond Fund Subaccount therein.

“Bond Year” means each one-year period that ends on the day selected by the Borrower in a certificate provided to the Issuer and the Trustee. The first and last bond years may be short periods. If no day is selected by the Borrower before the earlier of the final maturity date of the Bonds or the date that is five years after the Issue Date of the Bonds, a bond year will end on each anniversary of the Issue Date of the Bonds and on the final maturity date of the Bonds.

“Code” means the Internal Revenue Code of 1986, as amended, and, with respect to a specific section thereof, such reference is deemed to include (a) the Regulations promulgated under such section, (b) any successor provision of similar import hereafter enacted, (c) any corresponding provision of any subsequent Internal Revenue Code and (d) the regulations promulgated under the provisions described in (b) and (c).

“Computation Date” means each Installment Computation Date and the Final Computation Date.

“Costs of Issuance” means costs to the extent incurred in connection with, and allocable to, the issuance of an issuance of obligations within the meaning of section 147(g) of the Code. For example, Costs of Issuance include the following costs, but only to the extent incurred in connection with, and allocable to, the borrowing: underwriters’ spread; counsel fees; financial advisory fees; fees paid to an organization to evaluate the credit quality of an issue; trustee fees; paying agent fees; bond registrar, certification and authentication fees; accounting fees; printing costs for bonds and offering documents; public approval process costs; engineering and feasibility study costs; guarantee fees, other than qualified guarantees; and similar costs.

“Favorable Opinion of Bond Counsel” means, with respect to any action, or omission of an action, the taking or omission of which requires such an opinion, an unqualified written opinion of Bond Counsel to the effect that such action or omission does not adversely affect the excludability from gross income for federal income tax purposes of interest payable on the Bonds under existing law (subject to the inclusion of any exceptions contained in the opinion of Bond Counsel delivered upon the original issuance of the Bonds or other customary exceptions acceptable to the recipient thereof).

“**Fee Owner**” means DHFC The Ridge at Loop 12 Landowner, LLC, a Texas limited liability company.

“**Final Computation Date**” means the date on which the final payment in full of the Bonds is made.

“**Financial Advisor**” means Stifel, Nicolaus & Company, Incorporated.

“**Form 8038**” means IRS Form 8038, Information Return for Tax-Exempt Private Activity Bond Issues.

“**Gross Proceeds**” means any Proceeds and any Replacement Proceeds.

“**Indenture**” means the Indenture of Trust between the Issuer and the Trustee, dated as of [March 1], 2025.

“**Installment Computation Date**” means the last day of the fifth Bond Year and each succeeding fifth Bond Year.

“**Investment Proceeds**” has the meaning set forth in section 1.148-1(b) of the Regulations and, generally, consist of any amounts actually or constructively received from investing Proceeds.

“**IRS**” means the Internal Revenue Service.

“**Issue Date**” means, with respect to an issue of obligations, the first date on which an issuer receives the purchase price in exchange for delivery of the evidence of indebtedness representing any obligation.

“**Issue Price**” has the meaning ascribed to it in section 1.148-1(f) of the Regulations.

“**Loan**” means the loan of Proceeds of the Bonds from the Issuer to the Borrower pursuant to the terms of the Loan Agreement.

“**Loan Agreement**” means the Loan Agreement between the Issuer and the Borrower, dated as of [March 1], 2025.

“**Median Gross Income for the Area**” means, with respect to the Project, the median income for the households in the area which includes the standard metropolitan statistical area in which the Project is located, as determined from time to time by the Secretary of HUD, under Section 8 of the Housing Act (or if such program is terminated, median income determined under the program in effect immediately before such termination), in each case as adjusted for family size.

“**Minor Portion**” means that portion of the Gross Proceeds of the Bonds that does not exceed in the aggregate \$100,000.

“**Net Proceeds**” means Sale Proceeds, less the portion of any Sale Proceeds invested in a reasonably required reserve or replacement fund.

“Nonpurpose Investment” means any “investment property,” within the meaning of section 148(b) of the Code, that is not a purpose investment acquired to carry out the governmental purpose of the Bonds.

“Official Intent Date” means March 9, 2023.

“Original Issue Discount” means the excess of the Stated Redemption Price at Maturity over the Issue Price.

“Original Issue Premium” means the excess of the Issue Price over the Stated Redemption Price at Maturity.

“Other Funds and Accounts” means the Replacement Reserve Fund, the Tax and Insurance Escrow Fund, the Surplus Fund (and the Tax-Exempt Bond Surplus Account and the Taxable Bond Surplus Account therein) and the Expense Fund, each established pursuant to the Indenture.

“Permitted Investments” has the meaning set forth in the Indenture.

“Placed in Service” has the meaning set forth in section 1.150-2(c) of the Regulations and means, with respect to a facility, the date on which, based on all the facts and circumstances, (a) the facility reaches a degree of completion that will permit its operation at substantially its design level, and (b) the facility is, in fact, in operation at such level.

“Pre-Issuance Accrued Interest” has the meaning set forth in section 1.148-1(b) of the Regulations and, generally, means amounts representing interest that accrued on an obligation for a period not greater than one year before its Issue Date but only if those amounts are paid within one year after the Issue Date.

“Preliminary Expenditures” are described in section 1.150-2(f)(2) of the Regulations and include architectural, engineering, surveying, soil testing, reimbursement bond issuance and similar costs that are incurred prior to commencement of acquisition, construction or rehabilitation of a project, but do not include land acquisition, site preparation and similar costs incident to the commencement of construction or rehabilitation.

“Proceeds” has the meaning set forth in section 1.148-1(b) of the Regulations and, generally, means any Sale Proceeds and Investment Proceeds.

“Project” means an approximately 300-unit multifamily housing development to be located at 1200 N. Walton Walker Blvd., Dallas, Dallas County, Texas 75211.

“Project Costs” has the meaning set forth in the Indenture.

“Project Fund” means the “Project Fund” established pursuant to the Indenture, including the Bond Proceeds Account (and the Series A-1 Bond Proceeds Subaccount, the Series A-2 Bond Proceeds Subaccount and the Series B Bond Proceeds subaccount therein), the Costs of Issuance Account, the Equity Account, the Capitalized Interest Account (and the Bond Proceeds

Subaccount and the Equity Subaccount therein), and the Insurance and Condemnation Proceeds Account therein.

“**Purchaser**” means NewPoint Impact Fund I LP, a Delaware limited partnership.

“**Qualified Administrative Costs**” are those costs of issuing, carrying or repaying the Bonds, and any underwriter’s discount. Qualified Administrative Costs do not include the costs of issuing, carrying or repaying the Loan.

“**Qualified Project Costs**” means Project Costs that meet the following requirements:

(a) The costs are chargeable to a capital account with respect to the Project for federal income tax purposes, or would be so chargeable either with a proper election by the Borrower or but for the proper election by the Borrower to deduct those amounts; provided, however, that only such portion of the interest accrued on the Bonds during, and fees for a “qualified guarantee” (within the meaning of section 1.148-4 of the Regulations) attributable to the period of, the construction of the Project will constitute Qualified Project Costs as bear the same ratio to all such interest or fees, as applicable, as the Qualified Project Costs bear to all Project Costs.

(b) If any portion of the Project is being constructed or rehabilitated by the Borrower or a Related Person to the Borrower (whether as a general contractor or a subcontractor), such costs include only (i) the actual out-of-pocket costs incurred by the Borrower or such Related Person in constructing or rehabilitating the Project (or any portion thereof), (ii) any reasonable fees for supervisory services actually rendered by the Borrower or such Related Person (but excluding any profit component) and (iii) any overhead expenses incurred by the Borrower or such Related Person that are directly attributable to the work performed on the Project and do not include, for example, intercompany profits resulting from members of an affiliated group (within the meaning of section 1504 of the Code) participating in the construction of the Project or payments received by such Related Person due to early completion of the Project (or any portion thereof).

(c) The costs are not Costs of Issuance.

(d) (i) The costs were paid no earlier than 60 days prior to the Official Intent Date and (ii) the reimbursement allocation is made no later than 18 months after the later of (A) the date the expenditure was paid and (B) the date the Project is Placed in Service or abandoned, but in no event more than three years after the original expenditure is paid; provided that such limitations do not apply to any amount not in excess of \$100,000 or to Preliminary Expenditures that do not exceed 20 percent of the Sale Proceeds of the Bonds.

“**Qualified Project Period**” means, with respect to the Project, the period beginning on the first day on which 10 percent of the Units are occupied and ending on the latest of (a) the date that is 15 years after the date on which 50 percent of the Units are occupied, (b) the first day on which no tax-exempt private activity bond (as that phrase is used in section 142(d)(2) of the Code) issued

with respect to the Project is outstanding for federal income tax purposes or, (c) the date on which any assistance provided with respect to the Project under Section 8 of the Housing Act terminates.

“Qualifying Tenant” means a tenant whose Annual Income is 60 percent or less of Median Gross Income for the Area, as determined under sections 142(d)(2)(B) and (E) of the Code. If all the occupants of a Unit are students (as defined under section 152(f)(2) of the Code), no one of whom is entitled to file a joint return under section 6013 of the Code, such occupants are not Qualifying Tenants, unless such students meet the qualifications under section 42(i)(3)(D) of the Code.

“Rebate Amount” has the meaning set forth in section 1.148-3(b) of the Regulations and, generally, means the excess, as of any date, of the future value of all receipts on Nonpurpose Investments over the future value of all payments on Nonpurpose Investments all as determined in accordance with section 1.148-3 of the Regulations.

“Rebate Analyst” means a Person that is (a) qualified and experienced in the calculation of rebate payments under section 148 of the Code, (b) chosen by the Borrower, and (c) engaged for the purpose of determining the amount of required deposits, if any, to the Rebate Fund.

“Rebate Fund” means the “Rebate Fund” established pursuant to the Indenture.

“Redemption Fund” means the “Redemption Fund” established pursuant to the Indenture.

“Regulations” means the applicable proposed, temporary or final Treasury Regulations promulgated under the Code or, to the extent applicable to the Code, under the Internal Revenue Code of 1954, as such regulations may be amended or supplemented from time to time.

“Regulatory Agreement” means the Regulatory and Land Use Restriction Agreement among the Issuer, the Trustee, the Fee Owner, and the Borrower, dated as of [March 1, 2025].

“Related Party” means, in reference to a governmental unit or a 501(c)(3) organization, any member of the same controlled group, and, in reference to a person that is not a governmental unit or a 501(c)(3) organization, a Related Person.

“Related Person” has the meaning set forth in section 144(a)(3) of the Code. A person is a “Related Person” to another person if the relationship between such persons would result in a disallowance of losses under sections 267 or 707(b) of the Code or such persons are members of the same controlled group of corporations (as defined in section 1563(a) of the Code, except that “more than 50 percent” is substituted for “at least 80 percent” each place it appears therein).

“Replacement Proceeds” has the meaning set forth in section 1.148-1(c) of the Regulations and, generally, consist of amounts that have a sufficiently direct nexus to an issue of obligations or the governmental purpose of an issue of obligations to conclude that the amounts would have been used for that governmental purpose if the Proceeds were not used or to be used for that governmental purpose.

“Sale Proceeds” has the meaning set forth in section 1.148-1(b) of the Regulations and, generally, consist of any amounts actually or constructively received from the sale (or other

disposition) of any obligation, including amounts used to pay underwriters' discount or compensation and accrued interest other than Pre-Issuance Accrued Interest. Sale Proceeds also include amounts derived from the sale of a right that is associated with any obligation and that is described in section 1.148-4(b)(4) of the Regulations.

“State” means the State of Texas.

“Stated Redemption Price at Maturity” means the amount fixed by the last modification of the purchase agreement and includes interest and other amounts payable at that time (other than any interest based on a fixed rate and payable unconditionally at fixed periodic intervals of one year or less during the entire term of the debt instrument).

“Substantial User” has the meaning given to such term in section 1.103-11(b) of the Regulations, and generally includes any person who regularly uses a part of a facility in its trade or business and (i) such facility, or part thereof, is specifically constructed, reconstructed, or acquired for such person or (ii) such person (A) receives more than five percent of the total revenue derived by all users of such facility as gross revenue or (B) occupies more than five percent of the entire usable area of the facility.

“Taxable Bonds” means the Texas Department of Housing and Community Affairs Multifamily Housing Revenue Bonds (The Ridge at Loop 12) Taxable Series 2025B.

“Unit” means a residential accommodation containing separate and complete facilities for living, sleeping, eating, cooking and sanitation; provided that, a residential accommodation will not fail to be treated as a “Unit” merely because it is a single-room occupancy unit (within the meaning of section 42 of the Code).

“Weighted Average Maturity” means the sum of the products of the Issue Price and the number of years to maturity (taking into account mandatory redemptions) of an obligation, divided by the aggregate Issue Price of such obligation.

“Yield” on (a) an issue of obligations has the meaning set forth in section 1.148-4 of the Regulations and, generally, is the discount rate that when used in computing the present value of all payments of principal, interest and fees for qualified guarantees to be paid on the obligation produces an amount equal to the Issue Price of such issue and (b) any investment has the meaning set forth in section 1.148-5 of the Regulations and, generally, is the discount rate that when used in computing the present value of all payments to be received on the investment produces an amount equal to all payments for the investment.

“Yield Reduction Payments” means amounts paid in accordance with section 1.148-5(c) of the Regulations that are treated as payments that reduce the Yield on an investment.

“40-60 Test” means the requirement set forth in section 142(d)(1)(B) of the Code providing that 40 percent or more of the Units in the Project be occupied by individuals whose income is 60 percent or less of the Median Gross Income for the Area.

2. Authorized Representatives.

(a) Issuer. The undersigned representative of the Issuer represents that such representative (i) is charged, along with others, with the responsibility for the Bonds and, as such, the undersigned is familiar with the facts herein certified and is authorized on behalf of the Issuer to execute and deliver this Agreement and (ii) is aware of the provisions of sections 103 and 142 through 150, inclusive, of the Code. To the extent that the representations, expectations, certifications, covenants and warranties set forth herein are based on information and data accumulated and analyzed by Issuer personnel and consultants to the Issuer, the undersigned representative of the Issuer has reviewed such representations, expectations, certifications, covenants and warranties with such personnel and consultants to confirm their completeness and accuracy.

(b) Borrower. The undersigned representative of the Borrower represents that such representative (i) is a duly chosen, qualified and acting officer or other representative of the Borrower, which will be the owner of the Project and, as such, the undersigned is familiar with the facts herein certified and is authorized on behalf of the Borrower to execute and deliver this Agreement and (ii) is aware of the provisions of sections 103 and 142 through 150, inclusive, of the Code. To the extent that the representations, expectations, certifications, covenants and warranties set forth herein are based on information and data accumulated and analyzed by Borrower personnel and consultants to the Borrower, the undersigned representative of the Borrower has reviewed such representations, expectations, certifications, covenants and warranties with such personnel and consultants to confirm their completeness and accuracy.

(c) Trustee. The undersigned representative of the Trustee represents that such representative is a duly chosen, qualified and acting officer or other representative of the Trustee and is authorized on behalf of the Trustee to execute and deliver this Agreement.

3. Reasonable Expectations. The Issuer and the Borrower hereby affirm that the facts and estimates that are set forth in this Agreement are accurate and the expectations that are set forth in this Agreement are reasonable in light of such facts and estimates. There are no other facts or estimates that would materially change such expectations. The Issuer has also relied, to the extent appropriate, on (a) the Purchaser Certificate attached hereto as Exhibit A and (b) the Certificate of Financial Advisor attached hereto as Exhibit B. The undersigned representatives of the Issuer and the Borrower are aware of no fact, estimate or circumstance that would create any doubt regarding the accuracy or reasonableness of all or any portion of the representations set forth in such certificates.

4. Reliance on Borrower's Representations and Covenants. Except as otherwise indicated in this Agreement, the representations, expectations, certifications, covenants and warranties of the Issuer concerning the use and investment of the Proceeds of the Bonds and certain other matters described in this Agreement are based solely upon representations, expectations, certifications, covenants and warranties of the Borrower, as set forth in this Agreement or in the Exhibits attached hereto. In relying upon such representations, expectations, certifications, covenants and warranties of the Borrower, the Issuer has not made any independent investigations of the matters pertaining thereto. The Issuer is not aware of any facts or circumstances that would

cause it to question the accuracy or reasonableness of any representation, expectations, certifications, covenants and warranties of the Borrower made in this Agreement or in the Exhibits attached hereto.

5. Completeness of Borrower Information. The Borrower has supplied or caused to be supplied to Bond Counsel all documents, instruments and written information requested by Bond Counsel, and all such documents, instruments and written information supplied by or on behalf of the Borrower at the request of Bond Counsel, which have been reasonably relied upon by Bond Counsel in rendering its opinion with respect to the excludability from gross income for federal income tax purposes of the interest on the Bonds, are true and correct in all material respects, do not contain any untrue statement of a material fact and do not omit to state any material fact necessary to be stated therein to make the information provided therein, in light of the circumstances under which such information was provided, not misleading, and the Borrower is not aware of any other pertinent information for which Bond Counsel has not asked. After due investigation, there is no information not obtained, or any investigation or inspection not heretofore pursued, that would be relevant or material to the certifications set forth below.

6. General Requirements Relating to the Issuance of the Bonds.

(a) Governmental Purpose. The Borrower has applied to the Issuer and been approved for the Loan to be made from the Proceeds of the Bonds. The proceeds of the Loan (and, thus, the Proceeds of the Bonds) will be used to finance a portion of the Project Costs.

(b) Public Hearing and Approval. As required under section 147(f) of the Code, the Issuer hosted a public hearing on July 11, 2024, regarding the Bonds and the Project and for which there was reasonable public notice. The Attorney General of the State approved the issuance of the Bonds.

(c) Volume Cap. The Issuer has received from the Texas Bond Review Board a reservation of State private activity bond volume cap in an amount no less than the aggregate principal amount of the Bonds (or if greater, the Issue Price of the Bonds) for the purpose of issuing the Bonds to finance the Project.

(d) Issue. Other than the Taxable Bonds, there are no other obligations that (i) were sold at substantially the same time as the Bonds (i.e., less than 15 days apart), (ii) were sold pursuant to the same plan of financing with the Bonds, and (iii) will be paid out of substantially the same source of funds as the Bonds. Pursuant to section 1.150-1(c)(2) of the Regulations, the Bonds will not be considered part of the same issue as the Taxable Bonds.

(e) Form 8038. The Borrower has examined the completed Form 8038 with respect to the Bonds, including accompanying schedules and statements, and, to the best of the Borrower's knowledge and belief, the information in Parts IV and V, which was furnished by the Borrower, is true, correct, and complete. The Issuer will cause Form 8038 with respect to the Bonds to be filed timely with the IRS.

(f) Substantial User. No person that was a Substantial User of the Project at any time during the five-year period before the Issue Date of the Bonds or any Related Person to such Substantial User will (i) receive (directly or indirectly) more than five percent of the Proceeds of the Bonds for such user's interest in the Project and (ii) be a Substantial User of the Project at any time during the five-year period after the Issue Date of the Bonds. For purposes of this subparagraph, a user that is a governmental unit within the meaning of section 1.103-1 of the Regulations is disregarded.

(g) Program Covenant. Neither the Borrower nor any Related Party of the Borrower is, or will be, a party to any agreement, formal or informal, pursuant to which it will purchase any of the Bonds in an amount related to the amount of the Loan made to the Borrower unless the Borrower or such Related Party provides a Favorable Opinion of Bond Counsel to the Issuer.

(h) No Federal Guarantee. Neither the Issuer nor the Borrower will take any action that would result in all or any portion of the Bonds being treated as federally guaranteed within the meaning of section 149(b)(2) of the Code.

(i) Borrower's EIN. The Borrower represents that the Borrower's EIN is 92-3121218.

7. Sale Proceeds of the Bonds. The amount of Sale Proceeds received by the Issuer from the sale of the Bonds is \$[Combined Issue Price], which represents the Stated Redemption Price at Maturity of the Bonds. The Sale Proceeds of the Bonds will be loaned to the Borrower and deposited as follows:

(a) An amount of \$[] will be deposited in the Series A-1 Bond Proceeds Subaccount of the Bond Proceeds Account of the Project Fund and an amount of \$[] will be deposited in the Series A-2 Bond Proceeds Subaccount of the Bond Proceeds Account of the Project Fund. Such amounts will be used to pay Project Costs. The aggregate amount of the Project Costs is anticipated to exceed such amount. Any Project Costs not financed out of Proceeds of the Bonds will be financed out of the Borrower's available funds.

(b) An amount of \$[] will be deposited in the Bond Proceeds Subaccount of the Capitalized Interest Account of the Project Fund and used to pay interest on the Bonds accruing prior to the Placed in Service date of the Project.

8. Pre-Issuance Accrued Interest. There is no Pre-Issuance Accrued Interest on the Bonds.

9. Use of Proceeds of the Bonds.

(a) Qualified Project Costs. At least 95 percent of the Net Proceeds of the Bonds actually expended will be used to pay or reimburse Qualified Project Costs. Not

more than five percent of the Net Proceeds of the Bonds will be expended for or allocated to Project Costs that are not Qualified Project Costs.

For purposes of this subparagraph (a) the Project includes only: (i) those portions of buildings included in the Project that are (A) separate and complete facilities for living, sleeping, eating, cooking and sanitation that will be used on other than a transient basis by one or more persons and that will be available on a regular basis for use by members of the general public and will be rented, or available for rental, on a continuous basis during the Qualified Project Period, and (B) facilities in building areas that are functionally related and subordinate thereto, such as centrally located machinery and equipment and common areas in a typical apartment building (but not including any health club facilities, except a facility that will be available only to tenants and their guests with no separate fee to be paid for the use of such facility); and (ii) land and other facilities that are properly allocable to such living facilities, such as parking areas and recreational areas for occupants of the living facilities.

Further, all of the allocable functionally related and subordinate land areas, facilities, and building areas taken into account in determining Qualified Project Costs under this subparagraph (a) are of a character and size commensurate with the number and size of the living facilities and are not functionally related and subordinate to, or properly allocable to, any other facilities.

(b) Additional Limitations.

(i) Costs of Issuance. The Borrower does not expect to pay Costs of Issuance out of the Net Proceeds of the Bonds. In no event will the Costs of Issuance financed out of Net Proceeds of the Bonds exceed in the aggregate two percent of the Sale Proceeds of the Bonds (i.e., \$[_____]).

(ii) Capitalized Interest. Net Proceeds of the Bonds in the amount of \$[_____] are expected to be used to pay interest on the Bonds prior to the Placed in Service date of the Project. To the extent Net Proceeds of the Bonds be used to pay interest accruing after the Placed in Service date of the Project, such amount will be applied against the 5% allowance for “bad costs.” The Borrower will not allocate any Net Proceeds of the Bonds to interest accruing after the Placed in Service date of the Bonds if such allocation would result in more than 5% of the Net Proceeds of the Bonds being allocated to “bad costs.”

(iii) Acquisition of Existing Property. No portion of the Net Proceeds of the Bonds will be used to pay or reimburse the cost of acquiring any property or an interest therein unless, except for land, the first use of such property is pursuant to such acquisition.

(iv) Limitation on Land Acquisition. The Borrower does not expect to use any Net Proceeds of the Bonds (directly or indirectly) to acquire land (or an interest therein). In no event will 25 percent or more of the Net Proceeds of the Bonds will be used (directly or indirectly) to acquire land (or an interest therein)

and no portion of the Net Proceeds of the Bonds will be used (directly or indirectly) for farming purposes. For this purpose, an amount is considered used for the acquisition of land (or an interest therein) to the extent of that portion of the acquisition cost of the Project that is properly allocable for all federal income tax purposes to the land component (including interests in land) of the Project.

(v) Prohibited Facilities. None of the Proceeds of the Bonds will be used to acquire, construct, or equip, and no portion of the Project will be, an airplane, a skybox or any other type of luxury box, a health club facility, a facility primarily used for gambling, or a store the principal business of which is the sale of alcoholic beverages for consumption off premises; provided that, any fitness room functionally related to and subordinate to the Project for use by tenants of the Project or their guest is not considered a health club facility for purposes of this subparagraph.

(vi) Payments to Related Persons. Any amount of Proceeds of the Bonds paid to a Related Person to the Borrower or any affiliated person that is not a Related Person to the Borrower will not exceed an arm's-length charge that is the amount that would be charged to a person other than the Borrower. Further, any amount of Proceeds of the Bonds paid to a Related Person to the Borrower or any affiliated person that is not a Related Person to the Borrower would be paid under the same circumstances by a person other than the Borrower to such affiliated person or entity. Notwithstanding the foregoing, in no event will amounts of Proceeds of the Bonds that are paid to a Related Person to the Borrower be treated as spent until such amounts are spent on capital expenditures by such Related Person.

(vii) No Working Capital. The Proceeds of the Bonds will only be expended for (A) costs that would be chargeable to the capital account of the Project if the Issuer's income were subject to federal income taxation; (B) interest on the Bonds in an amount that does not cause the aggregate amount of interest paid on the Bonds to exceed that amount of interest on the Bonds that is attributable to the period that commences on the Issue Date of the Bonds and ends on the later of (1) the date that is three years from the Issue Date of the Bonds or (2) the date that is one year after the date on which the Project is Placed in Service; and/or (C) fees for a qualified guarantee of the Bonds or payment for a qualified hedge on the Bonds.

(viii) No Pooling. The Proceeds of the Bonds are not being used directly or indirectly to make or finance loans to two or more ultimate unrelated borrowers.

(ix) Weighted Average Economic Life. The Weighted Average Maturity of the Bonds, as calculated by the Financial Advisor as set forth in Exhibit B hereto, is [WAM] years. The weighted average reasonably expected economic life of the portion of the Project financed with Proceeds of the Bonds is at least [WAM/1.2] years. Thus, the Weighted Average Maturity of the Bonds is not more than 120 percent of the weighted average reasonably expected economic life of the portion of the Project financed with Proceeds of the Bonds. Such weighted average

reasonably expected economic life is determined in accordance with the following assumptions: (A) the weighted average is determined by taking into account the respective costs of each asset, excluding land; (B) the reasonably expected economic life of an asset is determined as of the later of (1) the Issue Date of the Bonds or (2) the date on which such asset is originally Placed in Service (or expected to be Placed in Service); and (C) the economic lives for the itemized assets are the useful lives that would have been used for depreciation purposes under section 167 of the Code prior to the enactment of the ACRS system under section 168 of the Code (i.e., the mid-point lives under the Class Life Asset Depreciation Range System of section 167(m) of the Code where applicable and the guideline lives under Revenue Procedure 62-21, 1962-2 C.B. 418, in the case of structures). The Borrower hereby covenants not to make any changes to the Project that would, at the time made, cause the remaining Weighted Average Maturity of the Bonds to be more than 120 percent of the remaining weighted average estimated economic life of the portion of the Project financed with Proceeds of the Bonds.

(c) Reimbursement. The Borrower does not expect to use Proceeds of the Bonds to reimburse itself for expenditures paid prior to the Issue Date of the Bonds. Other than (i) an amount not greater than \$100,000 and/or (ii) Preliminary Expenditures up to an amount not in excess of 20 percent of the Issue Price of the Bonds, no portion of the Proceeds of the Bonds will be disbursed to reimburse the Issuer, the Borrower or any Related Person to the Borrower for any expenditures paid or incurred prior to the date that is 60 days before the Official Intent Date, which is the date on which the Issuer adopted a resolution describing the Project, stating the maximum principal amount of obligations expected to be issued for the Project and stating the Issuer's reasonable expectation that expenditures for costs of the Project would be reimbursed with Proceeds of an obligation. Such resolution was not an official intent declared as a matter of course or in an amount substantially in excess of the amount expected to be necessary for the Project. Neither the Issuer nor the Borrower has engaged in a pattern of failure to reimburse actual original expenditures covered by official intents. Such reimbursed portion will be treated as spent for purposes of the "Funds—Project Fund" subparagraph herein and the "Compliance with Yield Reduction and Rebate Requirements; Rebate Fund" paragraph herein.

(d) Allocations and Accounting. The Borrower will prepare a final allocation of the Proceeds of the Bonds to expenditures not later than 18 months after the later of the date the original expenditure is made or the date the Project is Placed in Service, but in no event later than the date that is 60 days after the fifth anniversary of the Issue Date of the Bonds or the retirement of the Bonds, if earlier; provided that, if such allocation is made pursuant to a reimbursement expenditure described above, such reimbursement allocation will in no event be made later than the date that is three years after the date each such original expenditure is paid. The Borrower hereby elects to consistently allocate the expenditure of Proceeds of the Bonds to Qualified Project Costs of the Project. No Proceeds of the Bonds will be allocated to any expenditures to which Proceeds of any other tax-exempt obligations have heretofore been allocated.

10. Issue Price. In accordance with section 1.148-1(f)(2)(iv) of the Regulations, the Issuer hereby identifies in its books and records maintained for the Bonds the rule the Issuer will

use to determine the Issue Price for each maturity of the Bonds as the rule set forth in the second sentence of section 1.148-1(f)(2)(i) of the Regulations, i.e. the Issue Price is the price paid by the single buyer.

Based on the representations set forth in Exhibit A hereto, the aggregate Issue Price of the Bonds is \$[Combined Issue Price].

11. Yield on the Bonds. The Issuer and the Borrower hereby represent, covenant and agree as follows:

(a) The Yield on the Bonds is the discount rate that, when used in computing the present value as of the Issue Date of the Bonds, of all unconditionally payable payments of principal and interest on the Bonds, produces an amount equal to the present value, using the same discount rate, of the Issue Price of the Bonds plus any Pre-Issuance Accrued Interest as of the Issue Date of the Bonds.

(b) The amortization schedules included in Exhibits A-1 and A-2 of the Indenture set forth the reasonably expected amortization schedule for the Bonds as of the Issue Date of the Bonds.

(c) The Yield with respect to that portion of the Bonds, if any, subject to optional redemption is computed by treating such portion of the Bonds as retired at the Stated Redemption Price at Maturity because (i) neither the Issuer nor the Borrower have a present intention to redeem prior to maturity the portion of the Bonds that is subject to optional redemption; (ii) the Bonds are not subject to optional redemption at any time for a price less than the retirement price at final maturity plus accrued interest; (iii) neither the Issuer nor the Borrower have a present intention of exercising its right to optionally redeem the Bonds within five years of the Issue Date of the Bonds; (iv) no portion of the Bonds subject to optional redemption is issued at an Issue Price that exceeds the Stated Redemption Price at Maturity of such portion of the Bonds by more than one-fourth of one percent multiplied by the product of the Stated Redemption Price at Maturity of such portion of the Bonds and the number of complete years to the first optional redemption date for such portion of the Bonds; and (v) no portion of the Bonds subject to optional redemption bears interest at a rate that increases during the term of the Bonds.

(d) As set forth in the Certificate of Financial Advisor attached hereto as Exhibit B, the Yield on the Bonds, calculated in the manner set forth above, is [Bond Yield] percent.

(e) Neither the Issuer nor the Borrower has entered into any hedging transaction with respect to the Bonds, and neither of such parties enter into a hedging transaction with respect to the Bonds unless there is first received a Favorable Opinion of Bond Counsel.

12. Yield on the Loan. The Issuer and the Borrower hereby represent, covenant and agree as follows:

(a) The Loan is allocated to the Bonds. The Yield on the Loan is computed using the same compounding interval and financial conventions used to compute the Yield

on the Bonds. For the purposes of this Agreement, the Yield on the Loan is the discount rate that, when used in computing the present value as of the Issue Date of the Bonds of all receipts with respect to the Loan, produces an amount equal to the present value, using the same discount rate, of the aggregate payments with respect to the Loan as of the Issue Date of the Bonds. The aggregate payments made to the Borrower with respect to the Loan include no payments other than the “purchase price” of the Loan. The purchase price of the Loan is the amount loaned to the Borrower by the Issuer on the Issue Date of the Bonds, i.e. \$[Combined Issue Price].

(b) The Loan is a purpose investment that the Issuer intends to treat as a “program investment” within the meaning of section 1.148-1 of the Regulations, because it is part of a governmental program (i) that involves the origination or acquisition of purpose investments; (ii) in which at least 95 percent of the cost of the purpose investments acquired under the program represents one or more loans to a substantial number of persons representing the general public, states or political subdivisions, organizations exempt from tax under section 501(c)(3) of the Code, persons who provide housing and related facilities, or any combination of the foregoing; (iii) in which at least 95 percent of the receipts from the purpose investments are used to pay principal, interest, or redemption prices on issues that financed the program, to pay or reimburse administrative costs of those issues or of the program, to pay or reimburse anticipated future losses directly related to the program, to finance additional purpose investments for the same general purposes of the program, or to redeem and retire governmental obligations at the next earliest possible date of redemption; and (iv) in which the program documents prohibit any obligor on a purpose investment financed by the program or any “related party,” within the meaning of section 1.150-1(b) of the Regulations, to that obligor from purchasing bonds of an issue that finance the program in an amount related to the amount of the purpose investment acquired from that obligor. The Issuer has not waived the right to treat the Loan as a program investment.

(c) The receipts from the Borrower with respect to the Loan include interest and principal payments with respect to the Loan and the Qualified Administrative Costs paid by the Borrower have been taken into account, as provided by section 1.148-5(e) of the Regulations, for purposes of computing the Yield on the Loan. Because the Issuer intends to treat the Loan as a “program investment” within the meaning of section 1.148-1 of the Regulations, the Qualified Administrative Costs do not include the costs or expenses paid, directly or indirectly, to purchase, carry, sell, or retire the Loan, which include amounts paid directly to the Issuer as set forth in Exhibit C hereto, as well as any amounts paid as a servicing fee or otherwise relating to the Loan.

(d) As set forth in the Certificate of Financial Advisor attached hereto as Exhibit B, the Yield on the Loan, calculated in the manner set forth above, is [Loan Yield], which does not exceed the Yield on the Bonds by more than 1.5 percentage points.

13. Investment of Proceeds Pending Expenditure; No Arbitrage.

(a) Investment Proceeds. If Proceeds of the Bonds and amounts that are not Proceeds of the Bonds are commingled, the Borrower will take into account for purposes

of its covenant to comply with the arbitrage and rebate requirements that Proceeds of the Bonds and amounts that are not Proceeds of the Bonds have been commingled as an investment. Investment Proceeds resulting from the investment of any Proceeds of the Bonds pending expenditure of such Proceeds for Project Costs will be used to pay Qualified Project Costs or, if not used to pay Qualified Project Costs, such amounts will be treated as “bad costs.”

(b) Minor Portion and Yield Reduction Payments. All Gross Proceeds of the Bonds will be invested in accordance with the “Funds” paragraph herein. To the extent such amounts remain on hand following the periods set forth in the “Funds” paragraph herein or exceed the limits set forth in the “Funds” paragraph herein, such amounts will be invested at a restricted Yield as set forth in such paragraph; provided, however, that an amount not to exceed the Minor Portion may be invested at a Yield that is higher than the Yield on the Bonds and, provided further, that, if permitted by section 1.148-5(c) of the Regulations, the Yield restriction requirements may be satisfied by making Yield Reduction Payments to the federal government.

(c) Bonds Are Not Hedge Bonds. Not more than 50 percent of the Proceeds of the Bonds will be invested in Nonpurpose Investments having a substantially guaranteed Yield for four years or more. Further, at least 85 percent of the spendable Proceeds of the Bonds are reasonably expected to be used to carry out the governmental purposes of the Bonds within the three-year period beginning on the Issue Date of the Bonds.

(d) No Arbitrage. On the basis of the facts, estimates and circumstances set forth in this Agreement, it is expected by the Issuer and the Borrower that the Gross Proceeds of the Bonds will not be used in a manner that would cause the Bonds to be “arbitrage bonds” within the meaning of section 148 of the Code. To the best of the knowledge and belief of the undersigned representatives of the Issuer and the Borrower, there are no other facts, estimates or circumstances that would materially change such expectations. Except as provided in the Indenture and the Loan Agreement, the Borrower will not pledge or otherwise encumber, or permit the pledge or encumbrance of, any money, investment, or investment property as security for payment of any amounts due under the Loan Agreement or the note relating to the Loan, will not establish any segregated reserve or similar fund for such purpose and will not prepay any such amounts in advance of the redemption date of an equal principal amount of the Bonds, unless in each case there will have been delivered a Favorable Opinion of Bond Counsel. The Borrower will not, at any time prior to the final maturity of the Bonds, direct or permit the Trustee to invest Gross Proceeds of the Bonds in any investment (or to use Gross Proceeds of the Bonds to replace money so invested), if as a result of such investment the Yield of all investments acquired with Gross Proceeds (or with money replaced thereby) on or prior to the date of such investment exceeds the Yield of the Bonds to stated maturity, except as permitted by section 148 of the Code. The Issuer and the Borrower further covenant and agree that each will comply with and will take all action reasonably required to ensure that the Trustee complies with all applicable requirements of section 148 of the Code relating to the Bonds and the interest thereon.

(e) [Guaranteed Investment Contract. Proceeds of the Bonds may be deposited in a guaranteed investment contract (the “GIC”). If Proceeds of the Bonds are co-mingled as an investment in the GIC, the Borrower will take into account for purposes of its covenant to comply with the rebate requirement that proceeds of the Bonds and amounts that are not proceeds of the Bonds have been co-mingled as an investment in the GIC and will comply with the requirements of section 1.148-5(d)(6)(iii) of the Regulations.]

14. Covenants of Trustee Relating to Investment of Proceeds. The Trustee will invest funds held under the Indenture in accordance with the respective terms of the Indenture and this Agreement, which covenant will extend throughout the term of the Bonds, to all funds and accounts created under the Indenture and this Agreement and all moneys on deposit to the credit of any fund or account. Should the Issuer or the Borrower deliver notice (in the manner required under the Indenture or the Loan Agreement, as applicable) to the Trustee (it being understood that neither the Issuer nor the Borrower has an obligation to so deliver) or should the Trustee receive a written opinion of Bond Counsel to the effect that any proposed investment or other use of Proceeds of the Bonds would cause the Bonds to become “arbitrage bonds” within the meaning of section 148 of the Code, then the Trustee will comply with any written direction of the Borrower regarding such investment or use so as to prevent the Bonds from becoming an “arbitrage bond.” The Issuer and the Borrower agree that, in complying with the provisions set forth under this paragraph, the Trustee will be deemed to have complied with such provisions and will have no liability to the extent the Trustee materially follows the written directions of the Borrower or the Issuer. The Trustee is not liable or responsible for monitoring compliance by the Borrower, the Issuer or the Rebate Analyst with any of the requirements of section 148 of the Code or any applicable regulation, ruling or other judicial or administrative interpretation thereof, it being acknowledged and agreed that the sole obligation of the Trustee in this regard is (i) to invest the moneys received by the Trustee pursuant to the written instructions of the Borrower or Issuer in specific investments identified by the Borrower, or in the absence of such identification, to make investments as otherwise provided herein and to disburse said moneys in accordance with the terms of the Indenture and this Agreement and (ii) to materially follow investment instructions as provided in the Indenture and this Agreement.

15. Compliance with Yield Reduction and Rebate Requirements; Rebate Fund.

(a) Covenant to Comply with Rebate Requirements. The Issuer and the Borrower covenant to comply with the requirement that (i) if Gross Proceeds of the Bonds have been invested at a Yield that is “materially higher” than the Yield on the Bonds and Yield Reduction Payments are permitted under section 1.148-5(c)(3) of the Regulations, Yield Reduction Payments be made to the federal government and (ii) “rebateable arbitrage earnings” on the investment of the Gross Proceeds of the Bonds, within the meaning of section 148(f) of the Code, be rebated to the federal government.

(b) Rebate Fund. The Indenture established the Rebate Fund, which will be maintained and held in trust by the Trustee and which will be disbursed and applied only as herein authorized in this “Compliance with Yield Reduction and Rebate Requirements; Rebate Fund” paragraph. Notwithstanding anything herein to the contrary, all provisions of the Indenture relating to the general administration of the funds created thereunder will apply to the Rebate Fund, and the Trustee is afforded all the rights, protections and

immunities otherwise accorded to it thereunder as if the provisions set forth in this “Compliance with Yield Reduction and Rebate Requirements; Rebate Fund” paragraph were set forth in the Indenture.

(c) Delivery of Documents and Money by Borrower on Computation Dates.
The Borrower will deliver to the Trustee and the Issuer, within 55 days after each Computation Date:

(i) (A) a statement, signed by an officer or other authorized representative of the Borrower, stating the Rebate Amount as of such Computation Date and the amount of any Yield Reduction Payments due, and (B) a copy of the report prepared by the Rebate Analyst in connection therewith;

(ii) (A) if such Computation Date is an Installment Computation Date, an amount that, together with any amount then held for the credit of the Rebate Fund, is equal to at least 90 percent of the Rebate Amount and Yield Reduction Payments due as of such Installment Computation Date, less any “previous rebate payments” (determined in accordance with section 1.148-3(f)(1) of the Regulations), made to the United States of America or (B) if such Computation Date is the Final Computation Date, an amount that, together with any amount then held for the credit of the Rebate Fund, is equal to the Rebate Amount and Yield Reduction Payments due as of such Final Computation Date, less any “previous rebate payments” (determined in accordance with section 1.148-3(f)(1) of the Regulations) made to the United States of America; and

(iii) an IRS Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate (“Form 8038-T”) properly signed and completed as of such Computation Date.

(d) Administration of Rebate Fund and Payment of Rebate.

(i) The Trustee will deposit or transfer to the credit of the Rebate Fund, pursuant to written direction from the Borrower, each amount delivered to the Trustee by the Borrower for deposit thereto and each amount directed by the Borrower to be transferred thereto. Within five days after each receipt or transfer of funds to the Rebate Fund, the Trustee will withdraw such funds from the Rebate Fund and pay such funds to the United States of America. The Trustee may conclusively rely on the instructions of the Borrower with regard to any actions to be taken by it pursuant to this paragraph and will have no liability for any consequences of any failure of the Borrower to perform its duties or obligations or to supply accurate or sufficient instructions. Except as specifically provided herein, the Trustee will have no duty or responsibility with respect to the Rebate Fund or the Borrower’s duties and responsibilities with respect thereto except to follow the Borrower’s specific written instructions related thereto.

(ii) Moneys and securities held by the Trustee in the Rebate Fund will not be deemed funds of the Bonds and are not pledged or otherwise subject to any

security interest in favor of the owners of the Bonds to secure the Bonds or any other obligations.

(iii) Moneys in the Rebate Fund will be separately invested and reinvested by the Trustee, at the written direction of the Borrower, in Permitted Investments, subject to the Code. The Trustee will sell and reduce to cash a sufficient amount of such Permitted Investments whenever the cash balance in the Rebate Fund is insufficient for its purposes. In the absence of written direction from the Borrower, the Trustee will not be responsible or liable for keeping the moneys held as part of the Rebate Fund fully invested.

(iv) The Borrower will provide to the Trustee and the Trustee will keep such records of the results of the computations made pursuant to this paragraph for a period of three years after the last Bond and any tax-exempt obligations issued to refinance the Bonds is retired. The Trustee will keep and make available to the Issuer and the Borrower such records concerning the investments of Gross Proceeds of the Bonds and the investments of earnings from those investments as may be requested by the Issuer or the Borrower in order to enable the Borrower to make the computations required under section 148(f) of the Code.

(e) Correction of Underpayments. If the Borrower discovers or is notified as of any date that any amount required to be paid to the United States of America pursuant to this Agreement has not been paid as required or that any payment paid to the United States of America pursuant to this Agreement has failed to satisfy any requirement of section 148(f) of the Code or section 1.148-3 of the Regulations (whether or not such failure is due to any default by the Borrower, the Issuer, or the Trustee), the Borrower will (i) deliver to the Trustee (for deposit to the Rebate Fund) and cause the Trustee to pay to the United States of America from the Rebate Fund (A) the Rebate Amount or Yield Reduction Payments due that the Borrower failed to pay, plus any interest specified in section 1.148-3(h)(2) of the Regulations, if such correction payment is delivered to and received by the Trustee within 175 days after such discovery or notice, or (B) if such correction payment is not delivered to and received by the Trustee within 175 days after such discovery or notice, the amount determined in accordance with clause (A) of this subparagraph plus the 100 percent penalty required by section 1.148-3(h)(1) of the Regulations, and (ii) deliver to the Trustee and the Issuer a Form 8038-T completed as of such date. If such Rebate Amount or Yield Reduction Payments, together with any penalty and/or interest due, is not paid to the United States of America in the amount and manner and by the time specified in the Regulations, the Borrower will take such steps as are necessary to prevent the Bonds from becoming “arbitrage bonds” within the meaning of section 148 of the Code.

(f) Identification of Rebate Analyst. The contact information for the initial Rebate Analyst is:

Company Name: [_____]

Contact Name:

Address:

Telephone:

E-mail:

If the Borrower determines to engage the services of a different Rebate Analyst, the Borrower will provide the name and contact information for such entity to the Issuer within thirty days of engagement.

(g) Fees and Expenses. The Borrower agrees to pay all of the fees and expenses of Bond Counsel, the Rebate Analyst, and any other necessary consultant employed by the Borrower, the Trustee, or the Issuer in connection with computing the Rebate Amount and the Yield Reduction Payments; provided that nothing herein will be construed as the Trustee being responsible for creating, preparing or reviewing any of the computations contemplated under this Agreement.

(h) No Diversion of Rebatable Arbitrage. The Borrower will not indirectly pay any amount otherwise payable to the federal government pursuant to the foregoing requirements to any person other than the federal government by entering into any investment arrangement with respect to the Gross Proceeds of the Bonds that is not purchased at fair market value (as defined in section 1.148-5(d)(6)(iii) of the Regulations) or includes terms that the Borrower would not have included if the Bonds were not subject to section 148(f) of the Code.

(i) Amounts Not Required in Certain Circumstances.

(i) Notwithstanding the foregoing, the Borrower will not be required to perform the obligations set forth in this “Compliance with Yield Reduction and Rebate Requirements; Rebate Fund” paragraph, except for the obligation to retain accounting records and the payment of expenses as described herein, if (A) the Gross Proceeds of the Bonds have not been invested at a Yield that is “materially higher” than the Yield on the Bonds and therefore is not required to pay Yield Reduction Payments and/or (B) the Borrower has not earned any rebatable arbitrage and, therefore, is not subject to the rebate obligation set forth in section 148(f) of the Code. To the extent that the Borrower will not be required to perform such obligations, the Borrower will send written notice to the Trustee and the Issuer within 55 days after the applicable Computation Date.

(ii) Notwithstanding anything to the contrary in this Agreement requiring a payment to be made based on the Rebate Analyst’s calculations showing a rebate being due, no payment will be made by the Trustee to the United States of America if the Borrower furnishes to the Issuer and the Trustee a Favorable Opinion of Bond Counsel. In such event, the Borrower will be entitled to withdraw funds from the Rebate Fund to the extent provided in such Favorable Opinion of Bond Counsel.

(j) Trustee Reliance on Written Directions. The Issuer and the Borrower agree that, in complying with the provisions set forth under this Agreement, the Trustee will be deemed to have complied with such provisions and will have no liability to the extent it materially follows the written directions of the Borrower, the Issuer, or the Rebate Analyst.

16. Funds.

(a) Project Fund. All of the Proceeds of the Bonds in the (i) Series A-1 Bonds Proceeds Subaccount of the Bond Proceeds Account of the Project Fund, (ii) the Series A-2 Bond Proceeds Subaccount of the Bond Proceeds Account of the Project Fund and (iii) Bond Proceeds Subaccount of the Capitalized Interest Account of the Project Fund are expected to be invested and disbursed as described in the Indenture to pay Project Costs. The Borrower (i) reasonably expects to allocate at least 85 percent of the Net Proceeds of the Bonds, including amounts deposited in the Bond Proceeds Subaccount of the Capitalized Interest Account of the Project Fund as capitalized interest, to expenditures on capital projects of the Project prior to the date that is three years after the Issue Date of the Bonds, (ii) has incurred, or reasonably expects to incur within six months after the Issue Date of the Bonds, a binding obligation to a third party that is not subject to any contingencies within the control of the Borrower pursuant to which the Borrower is obligated to expend at least five percent of the Net Proceeds of the Bonds on capital projects of the Project, and (iii) reasonably expects that the acquisition, construction, and equipping of the Project will proceed with due diligence to completion and the Net Proceeds of the Bonds are reasonably expected to be expended on the Project with reasonable dispatch; therefore, all of such amounts may be invested without regard to Yield restriction. Any amounts not so expended prior to the applicable dates set forth in the preceding sentence will thereafter be invested at a Yield that is not “materially higher” than the Yield on the Bonds, except as set forth in the “Investment of Proceeds Pending Expenditure; No Arbitrage—Minor Portion and Yield Reduction Payments” subparagraph herein.

(b) Bond Fund. Amounts on deposit in the Bond Fund will be used for the purposes set forth in Section 4.2 of the Indenture. The Bond Fund will be used primarily to achieve a proper matching of payments made pursuant to the Loan Agreement and debt service on the Bonds within each Bond Year. Any amounts in the Series A-1 Bond Fund Account of the Bond Fund and Series A-2 Bond Fund Account of the Bond Fund held for longer than 13 months will be invested in obligations the Yield on which is not “materially higher” than the Yield on the Bonds, except as set forth in the “Investment of Proceeds Pending Expenditure; No Arbitrage—Minor Portion and Yield Reduction Payments” subparagraph herein.

(c) Redemption Fund. Amounts on deposit in the Redemption Fund will be used for the purposes set forth in Section 4.5(a) of the Indenture. The Redemption Fund will be used to effect a redemption of the Bonds in accordance with Section 3.4 of the Indenture. Any amounts in the Redemption Fund will be used within 13 months of receipt of amounts in such account.

(d) Costs of Issuance Account. Amounts on deposit in the Costs of Issuance Account of the Project Fund will be used for the purpose of paying Costs of Issuance. Amounts remaining in the Costs of Issuance Account after the payment of all Costs of Issuance, and in any event not later than six months following the Issue Date of the Bonds, will be (i) to the extent such amounts represent Proceeds of the Bonds, transferred to the Project Fund and (ii) to the extent such amounts represent amounts that are not Proceeds

of the Bonds, transferred to the Borrower. There is no assurance that amounts on deposit in the Costs of Issuance Account will be available to pay debt service on the Bonds.

(e) Rebate Fund. The Rebate Fund will be used in the event the Borrower is required to pay rebatable arbitrage earnings to the federal government, as described in the “Compliance with Yield Reduction and Rebate Requirements; Rebate Fund” paragraph above. Amounts on deposit in the Rebate Fund are not subject to the lien of the Indenture; accordingly, there is no assurance that amounts on deposit, if any, in the Rebate Fund will be available to pay debt service on the Bonds.

(f) Other Funds and Accounts. Amounts on deposit in the Other Funds and Accounts, the Series B Bond Proceeds Subaccount of the Bond Proceeds Account of the Project Fund and the Series B Bond Fund Account of the Bond Fund will be used for the purposes set forth in the Indenture. There is no assurance that amounts on deposit in the Other Funds and Accounts will be available to pay debt service on the Bonds.

17. Replacement Proceeds. The Issuer and the Borrower hereby represent as follows:

(a) No Sinking Funds. Other than the Bond Fund and the Redemption Fund, there is no debt service fund, redemption fund, reserve fund, replacement fund, or similar fund reasonably expected to be used directly or indirectly to pay principal or interest on the Bonds.

(b) No Pledged Funds. Other than amounts in the Bond Fund and the Redemption Fund, there is no amount that is directly or indirectly pledged to pay principal or interest on the Bonds, or to a guarantor of the Bonds, such that such pledge provides reasonable assurance that such amount will be available to pay principal or interest on the Bonds if the Issuer encounters financial difficulty. For purposes of this certification, an amount is treated as so pledged if it is held under an agreement to maintain the amount at a particular level for the direct or indirect benefit of the holders or the guarantor of the Bonds.

(c) No Other Replacement Proceeds. There are no other Replacement Proceeds allocable to the Bonds because the Issuer reasonably expects that the term of the Bonds will not be longer than is reasonably necessary for the governmental purpose of the Bonds. Furthermore, even if the Bonds were outstanding longer than necessary for the purpose of the Bonds, no Replacement Proceeds will arise because the Issuer reasonably expects that no amounts will become available during the period that the Bonds remain outstanding longer than necessary based on the reasonable expectations of the Issuer as to the amounts and timing of future revenues. The Bonds would be issued to achieve the governmental purpose of the Bonds independent of any arbitrage benefit as evidenced by the expectation that the Bonds reasonably would have been issued if the interest on the Bonds were not excludable from gross income (assuming that the hypothetical taxable interest rate would be the same as the actual tax-exempt interest rate and that tax credits issued under section 42 of the Code would be available in connection therewith).

18. Not an Abusive Transaction. The Issuer and the Borrower hereby represent as follows:

(a) General. A device has not been and will not be employed in connection with the issuance of the Bonds to obtain a material financial advantage (based on arbitrage) apart from savings attributable to lower interest rates. Furthermore, no action taken in connection with the Bonds is or will be an abusive arbitrage device by having the effect of (i) enabling the Issuer or the Borrower to exploit, other than during an allowable temporary period, the difference between tax-exempt and taxable interest rates to obtain a material financial advantage (including as a result of an investment of any portion of the Gross Proceeds of the Bonds over any period of time, notwithstanding that, in the aggregate, the Gross Proceeds of the Bonds are not invested in higher yielding investments over the term of the Bonds) and (ii) overburdening the tax-exempt bond market by issuing more bonds, issuing bonds earlier or allowing bonds to remain outstanding longer than is otherwise reasonably necessary to accomplish the governmental purposes of the Bonds, based on all the facts and circumstances. Specifically, (A) the primary purpose of each transaction undertaken in connection with the issuance of the Bonds is a bona fide governmental purpose; (B) each action taken in connection with the issuance of the Bonds would reasonably be taken to accomplish the governmental purposes of the Bonds if the interest on the Bonds were not excludable from gross income for federal income tax purposes (assuming the hypothetical taxable interest rate would be the same as the actual tax-exempt interest rate on the Bonds); and (C) the Proceeds of the Bonds will not exceed by more than a Minor Portion the amount reasonably anticipated to be necessary to accomplish the governmental purposes of the Bonds and will in fact not be substantially in excess of the amount of Proceeds allocated to expenditures for the governmental purposes of the Bonds.

(b) No Sinking Fund. No portion of the Bonds has a term that has been lengthened primarily for the purpose of creating a sinking fund or similar fund with respect to the Bonds.

(c) No Window. No portion of the Bonds has been structured with maturity dates the primary purpose of which is to make available released revenues that will enable the Issuer to avoid transferred proceeds or to make available revenues that may be invested to be ultimately used to pay debt service on another issue of obligations.

(d) No Disposition. No portion of the Project is reasonably expected to be disposed of while the Bonds are outstanding.

(e) No Overissuance. The Net Proceeds of the Bonds do not exceed the total amount necessary for the governmental purposes of the Bonds. The issuance of the Bonds as sized is necessary to achieve the 50% of basis requirement of Section 42 of the Code in order for the Borrower to receive low-income housing tax credits, without which the Project could not be provided for low-income tenants.

19. The Project. The Borrower hereby represents and covenants as follows:

(a) The Project will be comprised of (i) Units, all of which will be rented to individuals or families for residential occupancy and none of which will be owner-occupied (other than any functionally related and subordinate Units used by management for the purpose of housing any reasonably required resident managers, security personnel or maintenance personnel for the Project) and (ii) facilities, all of which are functionally related and subordinate to the aforementioned Units (i.e., facilities that are of a size and character commensurate with the size and character of such Units). All Units are similarly constructed and offer fixtures of similar quality. All amenities that are part of the Project will be made available to all residential tenants and their guests on an equal basis, regardless of the rent charged for the Unit occupied by the residential tenant.

(b) There has been and will be no substantial deviation from the description and location of the Project and the Borrower, operator or manager set forth in the notice of hearing published with respect to the Bonds for purposes of satisfying the requirements of section 147(f) of the Code.

(c) The Project will be designed and equipped and will be owned, maintained and operated on a continuous basis in accordance with the Loan Agreement and the Regulatory Agreement. For purposes of this subparagraph, each of the enumerated types of facilities includes the interior furnishings of such facility (including the facility's plumbing, electrical and decorating costs) and the structural components required for the facility (including the facility's walls, ceilings and special enclosures). Each such enumerated type of facility includes only those normal components of the structure in which it is located, such as the structure's structural supports, to the extent that those components are required because of the facility. The recreational facilities, if any, included as part of the Project will be available only to residential tenants and their guests and no separate fee will be required for the use of such facilities.

(d) Except to the extent that any Unit is a single room occupancy unit under section 42 of the Code, each Unit will contain separate and complete facilities for living, sleeping, eating, cooking and sanitation. Specifically, each Unit will contain a living area, a sleeping area, bathing and sanitation facilities and cooking facilities equipped with a cooking range, full-size refrigerator and sink, all of which are separate and distinct from the facilities included in other Units.

(e) The Project will consist of one or more proximate buildings or structures, together with any functionally related and subordinate facilities containing one or more similarly constructed Units, all of which (i) will be located on a single tract of land or two or more parcels of land that are contiguous except for the interposition of a road, street, stream or similar property or their boundaries meet at one or more points, (ii) will be owned by the same person for federal income tax purposes, and (iii) will be financed pursuant to a common plan.

(f) Parking spaces included in the Project are functionally related and subordinate to the Units included in the Project in that they are no greater in number than

is normally appropriate for a residential rental facility that is of the size of the Project. Only tenants, prospective tenants, guests of tenants, employees of the Borrower, and employees of the manager are expected to use these parking spaces.

(g) If the Project contains a clubhouse, exercise or similar recreational facility, such facility exists as a tenant amenity and may be used by any tenant free of any separate charge and will be constructed for the exclusive use of tenants of the Project and their guests. Such facility, if any, is of a character and size commensurate with the character and size of the Project and will not be open to the general public on a membership basis.

(h) The Project will not include any nonresidential or commercial space, including particularly, without limitation, any other space or facility not described in this paragraph. Costs relating to the acquisition, construction and equipping of any nonresidential or commercial space developed in connection with the Project (including any costs of land acquisition allocable thereto) will be allocated to sources other than the Bonds.

(i) No continual or frequent skilled or unskilled nursing services will be available at the Project, although the tenants will be permitted to engage such services from providers that are not affiliated with the Borrower or the manager. Thus, neither the Borrower nor the manager, nor any Related Person to either the Borrower or the manager, will provide any assistance to any tenant in connection with his or her activities of daily living, other than concierge and valet services. The Project will not be licensed as a convalescent or nursing home, continuing care facility, personal care facility, special care facility or other assisted living facility under State law.

20. Tenant Income Certifications. The Borrower hereby represents and covenants as follows:

(a) The Borrower will obtain and maintain tenant income certifications in a form that satisfies the requirements of section 1.103-8(b)(8) of the Regulations demonstrating that the 40-60 Test is met with respect to the occupied Units continuously throughout the Qualified Project Period.

(b) The Borrower will ensure that each person who is intended to be a Qualifying Tenant will sign and deliver to the Borrower or a manager of the Project a tenant income certification in the form required by the Regulatory Agreement. In addition, the Borrower will ensure that such person will provide whatever other information, documents or certifications are deemed necessary to substantiate the tenant income certification.

(c) The Borrower will timely file, or take such actions as are necessary to cause any other person who is properly treated as the “operator” for purposes of section 142(d)(7) of the Code to file timely, the annual certifications described in section 142(d)(7) of the Code (currently, IRS Form 8703, Annual Certificate of Residential Rental Project).

(d) For a period of at least three years after the date the Bonds are retired, a tenant income certification in the form required by the Regulatory Agreement will at all

times be maintained on file at the applicable location for the Project with respect to each Qualifying Tenant who resides or has resided in a Unit.

21. Form of Lease. The Borrower will ensure that the term of a lease of any Unit will be for a term of not less than six months, subject to the provision that any lease may be terminated if the tenant's physical condition no longer permits full-time residence in the Project; provided, however, that the form of lease to be utilized by the Borrower in renting any Units to a person who is intended to be a Qualifying Tenant will provide for termination of the lease and consent by such person to immediate eviction in accordance with applicable law for failure to qualify as a Qualifying Tenant as a result of any material misrepresentation made by such person with respect to the tenant income certification.

22. Change in Use. The Borrower acknowledges that any failure to satisfy the applicable requirements of sections 103 and 142 through 150, inclusive, of the Code, including the 40-60 Test, with respect to the Project will be treated as a change in use for purposes of section 150(b)(2) of the Code with the result that no deduction will be allowed for federal income tax purposes for interest paid by the Borrower with respect to the portion of the Loan that is allocable to Proceeds of the Bonds that accrues during the period beginning on the first day of the taxable year in which the Project fails to meet such requirements and ending on the date that the Project meets such requirements.

On the earlier of (a) the date on which the Borrower reasonably determines that the Project will not be completed or (b) the date on which the Project is Placed in Service, the Borrower will identify the amount of unspent Net Proceeds of the Bonds, if any, and will use such amount to redeem or, if not permitted by the terms of the Bonds, defease the Bonds, all in accordance with the requirements of section 1.142-2 of the Regulations, the Indenture and the Loan Agreement, as applicable, including the requirement that, if a defeasance is necessary, timely written notice be provided to the IRS.

23. Cashflow Sufficiency. The Borrower reasonably expects that the cash flow from the Project on an annual basis (excluding cash generated from the investment of nonoperating funds or other investment funds maintained by the Borrower) will be sufficient to pay annual debt service on the Loan during each year. Accordingly, the Borrower expects that debt service on the Loan will not be paid, directly or indirectly, from non-operating or other investment funds maintained by the Borrower or any Related Person to the Borrower. Except for the funds described in the "Funds" paragraph above, the Borrower does not expect to create or establish, or otherwise set aside or dedicate, any fund or account that is expected to be used to pay principal of, or interest on, the Bonds or to be pledged, directly or indirectly, to the payment of principal of, or interest on, the Bonds. Investment Proceeds of the Bonds and amounts earned from the investment of such Investment Proceeds will not be commingled with other receipts or revenues of the Borrower.

24. Post-Issuance Compliance Procedures. The Issuer has implemented written post-issuance tax compliance procedures regarding federal tax compliance that include provisions to ensure that all nonqualified bonds are remediated according to the requirements under the Code and Regulations and to monitor the requirements of section 148 of the Code. A copy of the Issuer's then-current post-issuance tax compliance procedures is and will be available on the Issuer's website during the term of this Agreement. If the Issuer's website is not available, a copy

of the then-current post-issuance tax compliance procedures will be made available to the Borrower, upon request. The Borrower agrees to take such actions as required therein to be taken by the Borrower to maintain compliance with requirements in the Code. In the event that the terms of the Issuer's post-issuance tax compliance procedures conflict with the terms of this Agreement, the terms of this Agreement will control.

25. Record Retention. The Borrower and the Trustee (to the extent the Trustee receives such records in accordance with the terms of the Bond Documents) will retain or cause to be retained all pertinent and material records relating to any formal elections made for purposes of federal income tax law; the use of the Project; the investment, use and expenditure of the Proceeds of the Bonds; and the calculation of rebate in connection with the Bonds until three years after the Bonds, including any tax-exempt obligations issued to refinance the Bonds, are redeemed or paid at maturity, or such shorter period as authorized by subsequent guidance issued by the Department of the Treasury, if applicable. All records will be kept in a manner that ensures their complete access throughout the retention period. For this purpose, it is acceptable that such records are kept either as hardcopy books and records or in an electronic storage and retrieval system, provided that such electronic system includes reasonable controls and quality assurance programs that assure the ability of the Issuer to retrieve and reproduce such books and records in the event of an examination of the Bonds by the IRS.

26. Examination by IRS. The Borrower acknowledges that, in the event of an examination by the IRS of the excludability of interest on the Bonds from the gross income of the owners thereof for federal tax purposes, the Issuer will likely be treated as the "taxpayer", and the Borrower agrees to respond in a commercially reasonable manner on behalf of, and at the direction of, the Issuer (and in consultation with the Trustee, who will have the right to participate in all related proceedings (including tax court challenges and appeals)) to such examination and to pay the costs of the counsel selected by the Issuer to provide a defense regarding the excludability of the interest on the Bonds from the gross income of the owners thereof for federal income tax purposes. THE BORROWER WILL INDEMNIFY AND HOLD HARMLESS THE ISSUER AND THE TRUSTEE AGAINST ANY AND ALL COSTS, LOSSES, CLAIMS, DAMAGES, OR LIABILITY OF, OR RESULTING FROM, SUCH AN EXAMINATION AND THE SETTLEMENT THEREOF BY THE ISSUER AND THE TRUSTEE (INCLUDING THE COST OF THE ISSUER'S AND THE TRUSTEE'S LEGAL COUNSEL), EXCEPT AS A RESULT OF THE WILLFUL MISCONDUCT, BAD FAITH, OR FRAUD OF THE ISSUER (WITH RESPECT TO INDEMNIFICATION OF THE ISSUER) OR THE GROSS NEGLIGENCE, WILLFUL MISCONDUCT, BAD FAITH, OR FRAUD OF THE TRUSTEE (WITH RESPECT TO INDEMNIFICATION OF THE TRUSTEE).

27. Term. The obligations of the Issuer, the Borrower and the Trustee, under this Agreement will survive the defeasance and discharge of the Bonds for as long as such matters are relevant to the excludability from gross income of interest on the Bonds for federal income tax purposes. The indemnification provisions set forth in the "Examination by the IRS" paragraph will survive the defeasance and discharge of the Bonds and/or the resignation or removal of the Trustee.

28. Amendments.

(a) To the extent any amendments to the Code or the Regulations, which, as a matter of law, are applicable to the Project and, in the written opinion of Bond Counsel filed with the Issuer, the Trustee and the Borrower, impose requirements upon the ownership or operation of the Project more restrictive than those imposed by this Agreement, this Agreement will be deemed to be automatically amended to impose such additional or more restrictive requirements. The parties hereto hereby agree to execute such amendment hereto as will be necessary to document such automatic amendment hereof.

(b) To the extent that the Code or the Regulations, or any amendments thereto, which, as a matter of law, are applicable to the Project and, in the written opinion of Bond Counsel filed with the Issuer, the Trustee and the Borrower, impose requirements upon the ownership or operation of the Project less restrictive than imposed by this Agreement, this Agreement may be amended or modified to provide such less restrictive requirements but only by written amendment signed by the Issuer, the Trustee and the Borrower and upon receipt of a Favorable Opinion of Bond Counsel.

(c) All reasonable costs, including fees and out-of-pocket expenses actually incurred by the Issuer and the Trustee, in connection with an amendment to this Agreement will be paid by the Borrower and its successors in interest.

29. Remedies. The Issuer, the Trustee, and the Borrower each hereby agrees that the remedies available under Article VI of the Indenture and Section 7.02 of the Loan Agreement apply upon the occurrence of an Event of Default (as defined under the Indenture or the Loan Agreement, as applicable) resulting from an action or omission of an action by any party hereunder with respect to any provision of this Agreement.

30. Miscellaneous.

(a) The Trustee. Every provision of this Agreement relating to the conduct of, or affecting the liability of, or affording protection to, the Trustee is expressly subject to the applicable provisions of the Indenture. Without limiting the foregoing, the Trustee will only act as specifically provided herein, subject to the express terms and conditions set forth in the Indenture.

(b) Severability. If any provision of this Agreement is ruled invalid by any court of competent jurisdiction, the invalidity of such provision will not affect any of the remaining provisions hereof.

(c) Counterparts. This Agreement may be executed in several counterparts, each of which will be an original and all of which will constitute but one and the same instrument.

(d) Notices. All notices, demands, communications and requests which may or are required to be given hereunder or by any party hereto will be deemed given on the date on which the same will have been mailed by registered or certified mail, postage prepaid,

addressed to such parties at the addresses set forth in the Indenture and the Loan Agreement, as applicable.

(e) Successors and Assigns. The terms, provisions, covenants and conditions of this Agreement bind and inure to the benefit of the respective successors and assigns of the Issuer, the Borrower, and the Trustee.

(f) Headings. The headings of this Agreement are inserted for convenience only and will not be deemed to constitute a part of this Agreement.

(g) Governing Law. This Agreement is governed by the laws of the State, without regard to the choice of law rules of the State. Venue for any action under this Agreement will lie within the district courts of the State, and the parties hereto consent to the jurisdiction and venue of any such court and hereby waive any argument that venue in such forums is not convenient.

[EXECUTION PAGES FOLLOW]

IN WITNESS WHEREOF, the Issuer, the Borrower and the Trustee (but, as for the Trustee, it is only agreeing to sections 2(c), 14, 15, and 25 through 30) have caused this Agreement to be executed and delivered by duly authorized officers thereof as of the Issue Date of the Bonds.

**TEXAS DEPARTMENT OF HOUSING AND
COMMUNITY AFFAIRS**, as Issuer

By: _____

Name: James B. "Beau" Eccles

Title: Secretary to Board

Signature Page to Tax Exemption Agreement

LDG THE RIDE AT LOOP 12, LP, a Texas limited partnership

By: DHFC The Ridge at Loop 12 GP, LLC, a Texas limited liability company, its general partner

By: Dallas Housing Finance Corporation, a Texas housing finance corporation, its sole member

By: _____
Name: Mary Helfand
Title: President

Signature Page to Tax Exemption Agreement

BOKF, NA, as Trustee

By: _____
Name: Kathy McQuiston
Title: Vice President

Signature Page to Tax Exemption Agreement

EXHIBIT A

PURCHASER CERTIFICATE

**[\$Series 2025A-1 Par Amount]
Texas Department of Housing and Community Affairs
Multifamily Housing Revenue Bonds
(The Ridge at Loop 12)
Series 2025A-1**

and

**[\$Series 2025A-2 Par Amount]
Texas Department of Housing and Community Affairs
Multifamily Housing Revenue Bonds
(The Ridge at Loop 12)
Series 2025A-2**

NewPoint Impact Fund I LP (the “Purchaser”), the purchaser of the Bonds hereby certifies and represents, as of the date of this certificate, to Texas Department of Housing and Community Affairs (the “Issuer”) and LDG The Ridge at Loop 12, LP (the “Borrower”) that:

1. ***Purchase Price; Not Acting as an Underwriter.*** The Bond purchase price of par and the interest rate for the Bonds were determined pursuant to an arm’s length negotiation between the Purchaser, NewPoint Real Estate Capital Securities LLC (the “**Placement Agent**”), the Issuer and the Borrower. Neither the Purchaser nor the Placement Agent is acting as an Underwriter with respect to the Bonds. The Purchaser is purchasing the Bonds for its own account, in each case at a purchase price equal to the par amount thereof to evidence a private placement loan. The Purchaser has no present intention to sell, reoffer, or otherwise dispose of the Bonds (or any portion of the Bonds). The Purchaser has not contracted with any person other than the Placement Agent pursuant to a written agreement to have such person participate in the initial sale of the Bonds and the Purchaser has not agreed with the Issuer pursuant to a written agreement to sell the Bonds to persons other than Purchaser or a related party to the Purchaser.

2. ***No Related Party.*** The Purchaser is not a “related party” to the Borrower within the meaning of section 1.150-1(b) of the Regulations. Specifically, (i) the Purchaser and the Borrower are not part of the same controlled group of corporations (as defined in section 1563(a) of the Code, except that “more than 50 percent” is substituted for “at least 80 percent” each place it appears) and (ii) the relationship between the Purchaser and the Borrower would not result in a disallowance of losses under section 267 of the Code or section 707(b) of the Code.

3. ***Defined Terms.***

(a) ***Public*** means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this

Purchaser Certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

- (b) ***Underwriter*** means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this Purchaser Certificate are limited to factual matters only. Nothing in this certificate represents the Purchaser's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations promulgated thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer and the Borrower with respect to certain of the representations set forth in the Tax Exemption Certificate and Agreement to which this certificate is attached and with respect to compliance with the federal income tax rules affecting the Bonds, and by Bracewell LLP in connection with rendering its opinion that the interest on the Bonds is excludable from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

[EXECUTION PAGE FOLLOWS]

The foregoing Purchaser Certificate has been duly executed as of the Issue Date of the Bonds.

NEWPOINT IMPACT FUND I LP, a
Delaware partnership

By: _____
Name: _____
Title: _____

Signature Page to Purchaser Certificate

EXHIBIT B

CERTIFICATE OF FINANCIAL ADVISOR

I, the undersigned officer of Stifel, Nicolaus & Company, Incorporated (the “Financial Advisor”), make this certificate in connection with the \$[Series 2025A-1 Par Amount] Multifamily Housing Revenue Bonds (The Ridge at Loop 12) Series 2025A-1 (the “Series 2025A-1 Bonds”) and the \$[Series 2025A-2 Par Amount] Multifamily Housing Revenue Bonds (The Ridge at Loop 12) Series 2025A-2 (the “Series 2025A-2 Bonds,” and collectively, the “Bonds”). Each capitalized term used herein has the meaning or is the amount, as the case may be, specified for such term in the Tax Exemption Certificate and Agreement to which this Exhibit B is attached (the “Tax Exemption Agreement”). I hereby certify as follows as of the Issue Date of the Bonds:

1. I am the duly chosen, qualified and acting officer of the Financial Advisor for the office shown below my signature; as such, I am familiar with the facts herein certified and I am duly authorized to execute and deliver this certificate on behalf of the Financial Advisor.

2. The combined Issue Price plus any Pre-Issuance Interest on the Bonds, based on the representations of the Purchaser in the Purchaser Certificate attached as Exhibit A to the Tax Exemption Agreement, is not more than \$[Issue Price].

3. Solely for the purposes of demonstrating the fact that the Yield on the Loan is not more than 1.5 percentage points higher than the Yield on the Bonds, the Financial Advisor computed the Yield on the Bonds (based on the Issue Price and assuming semiannual compounding, a rate of interest on the Series 2025A-1 Bonds of [_____] percent, a rate of interest on the Series 2025A-2 Bonds of [_____] percent, and amortization of the Bonds as set forth in Exhibit A-1 and A-2 of the Indenture) to be [Bond Yield] percent and the Yield on the Loan to be [Loan Yield] percent. Accordingly, the Yield on the Loan does not exceed the Yield on the Bonds by more than 1.5 percentage points.

4. For purposes of determining the Yields in paragraph 3 above, the Financial Advisor has performed certain calculations relating to the Bonds and the Loan. Such calculations are attached hereto as Schedule I. The Financial Advisor hereby represents that such calculations are based on assumptions and methodologies provided by Bond Counsel and are in all material respects consistent with the assumptions and methodologies set forth in the “Yield on the Bonds” and “Yield on the Loan” paragraphs of the Tax Exemption Agreement. These calculations include calculations based upon assumptions, information, and estimates obtained from the Borrower and the Issuer, which the Financial Advisor, based on its experience with similar transactions, has no reason to believe are not reasonable in light of the relevant facts and circumstances. To the best of the Financial Advisor’s knowledge, as of the Issue Date of the Bonds, no fact or circumstance has come to the Financial Advisor’s attention that conflicts with the assumptions, information and estimates described in the preceding sentence.

5. As shown in Schedule I attached hereto, the Financial Advisor computed the Weighted Average Maturity of the Bonds, calculated in accordance with the provisions of the Tax Exemption Agreement, to be [WAM] years.

6. The Financial Advisor represents that to the best of its knowledge as of the Issue Date of the Bonds, the statements set forth in paragraphs (a) through (c) of the “Not An Abusive Transaction” paragraph of the Tax Exemption Agreement are true.

The Issuer may rely on the statements made herein in connection with making the representations set forth in the Tax Exemption Agreement and in its efforts to comply with the conditions imposed by the Code on the excludability of interest on the Bonds from the gross income of their owners. Bracewell LLP also may rely on this certificate for purposes of its opinion regarding the treatment of interest on the Bonds as excludable from gross income for federal income tax purposes and the preparation of the Form 8038.

[EXECUTION PAGE FOLLOWS]

The foregoing Certificate of Financial Advisor has been duly executed as of the Issue Date of the Bonds.

**STIFEL, NICOLAUS & COMPANY,
INCORPORATED**

By: _____
Name: _____
Title: _____

Signature Page to Certificate of Financial Advisor

SCHEDULE I
TO CERTIFICATE OF FINANCIAL ADVISOR

[See attached]

Schedule I to Certificate of Financial Advisor

EXHIBIT C
SCHEDULE OF LOAN COSTS

Paid Prior to Closing

Application Fee	\$6,000
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Paid at Closing

Issuer Issuance Fee	\$[_____]
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Issuer Administration Fee (first two years)	\$[_____]
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Issuer Compliance Fee (first year)	\$[_____]
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Annual Fees

Issuer Administrative Fee (beginning [February 28, 2027])	0.10% per annum of the aggregate principal amount of the Bonds outstanding
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Issuer Compliance Fee (beginning [March 1, 2028])	\$25 per Low-Income Unit in the Project
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Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 899

Agenda Date: 1/16/2025

Agenda #: 15.

Presentation and discussion regarding the issuance of Texas Department of Housing and Community Affairs Residential Mortgage Revenue Bonds, Series 2025A (Non-AMT)

BACKGROUND

On October 10, 2024, the TDHCA Governing Board approved Resolution 25-004 authorizing issuance of Mortgage Revenue Bonds by the Department in an amount not to exceed \$1.1 billion for Fiscal Year 2025. After the issuance of RMRB 2025A, the Department will have \$925 million of issuance authority remaining.

On June 25, 2024, the Department issued \$150 million Residential Mortgage Revenue Bonds, Series 2024 C (Non-AMT) and \$100 million Residential Mortgage Revenue Bonds Series 2024 D (Taxable). The bonds settled on July 18, 2024. These funds are now fully reserved.

Market conditions remain reasonably conducive to the issuance of additional series of tax-exempt mortgage revenue bonds under the Department's Residential Mortgage Revenue Bond Trust Indenture (RMRB) to finance mortgage loans for very low, low, and moderate income homebuyers. We currently estimate mortgage rates around 25 to 50 basis points lower than rates available under the TMP (aka TBA) Program.

Demand has slowed and as a result, the Department is doing a smaller issue of \$175 million and is issuing only Tax-Exempt bonds to ensure the lowest possible mortgage rates. Staff is looking to issue Texas Department of Housing and Community Affairs, Residential Mortgage Revenue Bonds, 2025 A (Non-AMT).

A portion of the proceeds, not to exceed par of \$150,000,000 and premium of \$12,000,000 will utilize new private activity volume cap.

A portion of the proceeds, not to exceed par of \$40,000,000, will utilize recycled volume cap and will be used to repay amounts owed under the Advances and Security Agreement between the Federal Home Loan Bank and the Department representing recycled repayments from September 1, 2024, through January 1, 2025.

2025A Bonds

The 2025A Bonds will be issued in a maximum par amount of \$175 million; total bond proceeds (par amount of bonds plus bond premium) will not exceed \$187 million.

Proceeds of the Series 2025A Bonds will be used to (a) purchase Mortgage Certificates and pay related costs, (b) fund DPA Loans, and (c) pay a portion of the costs of issuance of the Series 2025A Bonds.

The 2025A Bonds are expected to be offered as traditional RMRBs, with par and premium serial bonds, par and premium term bonds, and premium Planned Amortization Class (PAC) bonds. Depending on market conditions, proceeds of the 2025A Bonds may be invested in a Guaranteed Investment Contract (GIC) until expended; otherwise, proceeds will be invested in overnight obligations that meet indenture requirements.

2025A Mortgage Loans

Mortgage loans will be 30-year, fixed rate loans guaranteed by FHA, VA, or USDA and pooled into Ginnie Mae MBS. Initially, borrowers will have the choice of unassisted loans without down payment assistance (DPA), three (3) points of DPA or four (4) points of DPA. DPA will be offered as a repayable loan, where the DPA is provided as 0% interest, non-amortizing, 30-year second mortgage loan that is due on sale or refinance of the first loan. Unassisted first mortgage loans on this transaction are being offered at 6.00%, 85 basis points lower than the FHLMC Primary Market Survey rate of 6.85% as of 12/26/2024. Three percent DPA loans are currently being offered at 6.625%, 37.5 basis points lower than GNMA TBA loans with 3% repayable DPA. Four percent DPA loans are expected to be offered at 7.00%, 25 basis points lower than GNMA TBA 4% repayable DPA. DPA options will be subject to modification in response to borrower demand or market conditions.

The issuance of \$175 million of par amount of 2025A Bonds will provide for \$175 million in par amount of mortgage loans to be originated. The associated down payment assistance, lender compensation, and servicing fees for the second loans are expected to total approximately \$8.5 million.

Underwriting Team

Jefferies is expected to serve as Book Running Senior Manager, with RBC Capital Markets and JP Morgan as co-senior managers, with Ramirez, Morgan Stanley, Piper Sandler, Wells Fargo, and Loop Capital serving as co-managers for this transaction.

Timing

Preliminarily, the key events are as follows, and subject to change:

December 26, 2024	Program Funds Available for Reservation
January 8, 2025	Preliminary Official Statement to be Released
January 14, 2025	Bonds Priced, Bond Purchase Agreement to be Executed
January 21, 2025	Official Statement to be Released
February 12, 2025	Bond Closing

Department Contribution

The contribution by the Department is projected to be \$4,074,346 and will not exceed \$7 million, which will be used to fund a portion of the down payment and closing cost assistance and costs related to the acquisition of qualifying mortgage loans (including the payment of lender compensation and servicing fees for second mortgage loans) and to pay all or a portion of the costs of issuance of the 2025 A Bonds. The contribution will be funded from amounts on deposit in the RMRB indenture. Capitalized interest of up to \$10 million may be paid from the RMRB indenture as necessary. As with prior transactions, these amounts are maximums; the actual contribution and capitalized interest expense are expected to be less than that approved by the Board. Capitalized Interest is expected to be less \$600,000 on this transaction.

Summary

Staff will continue to work with the Department's financing team to ensure the economic viability of the 2025 A Bonds. Depending on market conditions and other factors, the amount of 2025 A Bonds issued may be less than described herein.

Exhibits

The Exhibits for this issuance can be found online at the Department's Board Meeting Information Center website: <<http://www.tdhca.state.tx.us/board/meetings.htm>>.

CERTIFICATE FOR RESOLUTION

THE STATE OF TEXAS §
 §
COUNTY OF TRAVIS §

I, the undersigned Secretary to the Governing Board (the “Board”), respectively, of the Texas Department of Housing and Community Affairs (the “Department”) do hereby make and execute this Certificate for the benefit of all persons interested in the validity of all actions and proceedings of the Department. I do hereby certify as follows:

1. I am the duly chosen, qualified and acting Secretary to the Board, and in such capacity, I am familiar with the matters contained in this Certificate, and I am authorized to make, execute and deliver this Certificate.

2. The Board convened in a regular meeting on October 10, 2024, and the roll was called of the duly constituted officers and members of the Board, to wit:

Leo Vasquez	Chair and Member
Kenny Marchant	Vice Chair and Member
Ajay Thomas	Member
Anna Maria Farias	Member
Holland Harper	Member
Cindy Conroy	Member
Vacant	
James “Beau” Eccles	Secretary to the Board

and all of the foregoing persons were present, constituting a quorum. Whereupon, among other business, the following was transacted at the meeting: a written

RESOLUTION NO. 25-004 RESOLUTION AUTHORIZING THE ISSUANCE, SALE AND DELIVERY OF TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS SINGLE FAMILY MORTGAGE REVENUE BONDS OR RESIDENTIAL MORTGAGE REVENUE BONDS IN ONE OR MORE SERIES AND INSTALLMENTS; PROVIDING FOR HEDGE AGREEMENTS; APPROVING THE FORM AND SUBSTANCE OF RELATED DOCUMENTS; AUTHORIZING THE EXECUTION OF DOCUMENTS AND INSTRUMENTS NECESSARY OR CONVENIENT TO CARRY OUT THE PURPOSES OF THIS RESOLUTION; AND CONTAINING OTHER PROVISIONS RELATING TO THE SUBJECT

was introduced for the consideration of the Board. It was then duly moved and seconded that this Resolution be adopted and, after due discussion, the motion, carrying with it the adoption of the Resolution, prevailed and carried by vote of 6 ayes 0 nays, and 0 abstentions.

3. The attached and following is a true, correct and complete copy of such Resolution; that the original of the Resolution is on file in the official records of the Department; and that the Resolution is in full force and effect.

4. The Resolution was considered and adopted at a meeting of the Board that was noticed, convened, and conducted in full compliance with the Texas Open Meetings Act, Chapter 551 of the Texas Government Code, and with §2306.032 of the Texas Government Code, regarding meetings of the Board.

(Signature Page Follows)

IN WITNESS WHEREOF, I have hereunto set my hand and the seal of said Department this 10th day of October, 2024.



James B. "Beau" Eccles, Secretary
Governing Board

(SEAL)



RESOLUTION NO. 25-004

RESOLUTION AUTHORIZING THE ISSUANCE, SALE AND DELIVERY OF TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS SINGLE FAMILY MORTGAGE REVENUE BONDS OR RESIDENTIAL MORTGAGE REVENUE BONDS IN ONE OR MORE SERIES AND INSTALLMENTS; PROVIDING FOR HEDGE AGREEMENTS; APPROVING THE FORM AND SUBSTANCE OF RELATED DOCUMENTS; AUTHORIZING THE EXECUTION OF DOCUMENTS AND INSTRUMENTS NECESSARY OR CONVENIENT TO CARRY OUT THE PURPOSES OF THIS RESOLUTION; AND CONTAINING OTHER PROVISIONS RELATING TO THE SUBJECT

WHEREAS, the Texas Department of Housing and Community Affairs (the “Department”) has been duly created and organized pursuant to and in accordance with the provisions of Chapter 2306, Texas Government Code, as amended from time to time (“Chapter 2306”), for the purpose of providing for the housing needs of individuals and families of low, very low, and extremely low income and families of moderate income (as described in Chapter 2306 as determined by the Governing Board of the Department (the “Board”) from time to time) at prices they can afford; and

WHEREAS, Chapter 2306 authorizes the Department: (a) to issue revenue bonds, to provide money to (i) make and acquire mortgage loans or participations therein, (ii) fund or increase the Department’s reserves or funds (iii) pay the costs and expenses of issuing the bonds and (iv) pay interest on the bonds; and (b) to pledge all or part of the revenues, income or resources of the Department, including the revenues to be received by the Department from the mortgage loans or participations therein, to secure the payment of the principal, interest or redemption premium on the bonds; and

WHEREAS, the Department and The Bank of New York Mellon Trust Company, N.A., as trustee (the “RMRB Trustee”), have executed and delivered that certain Amended and Restated Residential Mortgage Revenue Bond Trust Indenture dated as of July 1, 2019 (as amended and supplemented from time to time, the “RMRB Indenture”), providing for the issuance from time to time by the Department of one or more series of its Residential Mortgage Revenue Bonds; and

WHEREAS, the Department, the RMRB Trustee and the Comptroller of Public Accounts of the State of Texas, acting by and through the Texas Treasury Safekeeping Trust Company, a special-purpose trust company organized under the laws of the State of Texas (together with its successors in such capacity, the “Trust Company”) have entered into that certain Second Amended and Restated Depository Agreement, dated as of November 1, 1998 (as amended and supplemented from time to time, the “RMRB Depository Agreement”), relating to the Department’s Residential Mortgage Revenue Bonds; and

WHEREAS, the Department and The Bank of New York Mellon Trust Company, N.A., as trustee (the “SFMRB Trustee”, and collectively with the RMRB Trustee, the “Trustee”), have executed and delivered that certain Amended and Restated Single Family Mortgage Revenue

Bond Trust Indenture dated as of June 1, 2017 (as amended and supplemented from time to time, the “Single Family Indenture”, and collectively with the RMRB Indenture, the “Indentures”), providing for the issuance from time to time by the Department of one or more series of its Single Family Mortgage Revenue Bonds (collectively with the Residential Mortgage Revenue Bonds, the “Bonds”); and

WHEREAS, the Department, the SFMRB Trustee and the Trust Company have entered into that certain Amended and Restated Depository Agreement, dated as of August 1, 1991 (as amended and supplemented from time to time, the “SFMRB Depository Agreement” and together with the RMRB Depository Agreement, the “Depository Agreements”), relating to the Department’s Single Family Mortgage Revenue Bonds; and

WHEREAS, the Department has a single family mortgage purchase program (the “Program”) to fund all or a portion of the Department’s single family loan production; and

WHEREAS, Article III of the RMRB Indenture and Article III of the SFMRB Indenture each authorize the issuance of additional Bonds under the respective Indenture for the purposes of making or acquiring mortgage loans to be originated under the Program (the “Mortgage Loans”) or participations therein, payment of costs of issuance, funding of reserves, payments of certain Department expenses and refunding Bonds; and

WHEREAS, the Board has determined to authorize the issuance of Bonds from time to time in one or more series or subseries and installments on a taxable or tax-exempt basis pursuant to the RMRB Indenture or the SFMRB Indenture for the purpose of providing funds to make and acquire qualifying Mortgage Loans or participations therein through the purchase of mortgage backed securities (“Mortgage Certificates”), to provide down payment and closing cost assistance, to pay lender compensation related to Mortgage Loans, to pay capitalized interest on the Bonds, to pay or repay the Department’s operation and maintenance expenses incurred in connection with administration of the Program, to fund, increase, or restore any depletions of any reserve fund established or required under the Indentures, and to pay a portion of the costs of issuance related thereto (“Eligible Project Costs”); and

WHEREAS, with respect to each issue of Bonds pursuant to this Resolution, the Board desires to authorize the execution and delivery of a separate Supplemental Residential Mortgage Revenue Bond Trust Indenture or Supplemental Single Family Mortgage Revenue Bond Trust Indenture, as appropriate (each, a “Supplemental Indenture” and, collectively, “Supplemental Indentures”), in substantially the forms attached hereto as exhibits; and

WHEREAS, the Board has determined to authorize the investment of all or a portion of the proceeds of the Bonds and any other amounts held under the Indentures with respect to the Bonds in one or more guaranteed investment contracts (collectively, “GICs”) on or after the closing date or in such other investments as the authorized representatives named herein may approve; and

WHEREAS, pursuant to Section 2306.351(b), Texas Government Code, as amended, in connection with or incidental to issuing and selling its bonds, the Department may enter into contracts (collectively, "Contracts") that the Board considers necessary or appropriate for the Department's obligation, as represented by the bonds and incidental contracts, to be placed, in whole or in part, on the basis desired by the Board, and on the terms and conditions approved by the Board; and

WHEREAS, the types of Contracts permitted under Section 2306.351(b) include, without limitation, contracts (i) commonly known as interest rate swap agreements, currency swap agreements, or forward payment conversion agreements; (ii) providing for payments based on levels of or changes in interest rates or currency exchange rates; (iii) to exchange cash flows or a series of payments; (iv) that include options, puts or calls to hedge payment, currency, rate, spread, or similar exposure (such Contracts are defined collectively as, "Hedge Agreements"); and

WHEREAS, the Board has determined that Hedge Agreements can be necessary or appropriate to manage potential payment and/or spread exposure relating to interest rate risk on Mortgage Loans to be originated or Mortgage Certificates to be acquired with proceeds of the Bonds issued under this Resolution and desires to approve the execution of one or more Hedge Agreements with the counterparty named therein in accordance with the terms and conditions set forth in this Resolution or in a Supplemental Indenture; and

WHEREAS, the Board desires to approve the use of an amount not to exceed for any series of Bonds \$10,000,000 of Department funds for any purpose authorized under Chapter 2306 and the Indentures, including to provide down payment and closing cost assistance, to make and acquire qualifying Mortgage Loans, including payment of lender compensation, through the purchase of Mortgage Certificates and to pay a portion of the costs of issuance; and

WHEREAS, the Board desires to authorize the use of an amount not to exceed for any series of Bonds \$10,000,000 of funds on deposit under the Indentures to fund capitalized interest on any series of Bonds issued hereunder; and

WHEREAS, Chapter 1371, Texas Government Code, as amended ("Chapter 1371") and Chapter 1207, Texas Government Code, as amended ("Chapter 1207") authorize the Department to take certain actions described in this Resolution related to the issuance of the Bonds; and

WHEREAS, the Board desires to approve the form of the Supplemental Indentures, and finds the form and substance of such documents to be satisfactory and proper and the recitals contained therein to be true, correct and complete; and has determined to further its programs in accordance with such documents by authorizing the issuance of the Bonds, the execution and delivery of such documents and the taking of such other actions as may be necessary or convenient to carry out the purposes of this Resolution;

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BOARD OF THE TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS:

ARTICLE 1
DEFINITIONS, INTERPRETATION AND FINDINGS

Section 1.1 Definitions. Unless expressly provided otherwise herein or unless the context shall indicate a contrary meaning or intent, the terms and expressions defined below, when used in this Resolution, shall have the meanings set forth below for all purposes of this Resolution, except as modified in a respective Supplemental Indenture.

“Acts” means, collectively, Chapter 1207, Chapter 1371, and Chapter 2306.

“Additional Parity Bonds and Notes” means the additional parity bonds and the additional parity notes permitted to be issued pursuant to this Resolution and the Indentures.

“Approved Swap Agreement” means each agreement authorized by the Department constituting a “credit agreement” under Chapter 1371 in relation to the payment or exchange of payments on Outstanding Parity Bonds.

“Assumed Rate” means, with respect to any Refunded Bonds that bear interest at a Variable Rate, the average interest rate on such Refunded Bonds for the most recently completed sixty (60) month period or the period such Refunded Bonds have been outstanding if it is less than sixty (60) months; provided, that if the Department has entered into an Approved Swap Agreement with respect to all or a portion of any such Refunded Bonds pursuant to which the Board is obligated to make payments calculated at a fixed interest rate on the notional amount of such Approved Swap Agreement, the fixed interest rate used to calculate the amounts payable by the Department under the Approved Swap Agreement shall be assumed to be the interest rate on such Refunded Bonds outstanding during the term of the Approved Swap Agreement if the notional amount under the Approved Swap Agreement is equal to or greater than the outstanding principal amount of such Refunded Bonds.

“Attorney General” means the Attorney General of the State.

“Authorized Representative” has the meaning given to such term in Section 2.14 of this Resolution.

“Bond” or *“Bonds”* means any one or more, as the case may be, of the bonds of each Series authorized by this Resolution, and all substitute bonds exchanged therefor, and all other substitute and replacement bonds issued pursuant to this Resolution.

“Bond Counsel” means Bracewell LLP or any other attorney or firm of attorneys nationally recognized as experienced in the field of bonds of governmental issuers and appointed by the Board.

“Bond Purchase Contract” means the Board’s agreement with Underwriters providing for the sale of a Series of Bonds, as authorized by Section 2.4 hereof; provided that two or more Series of Bonds may be sold to the same Underwriters pursuant to the terms of a single Bond Purchase Contract.

"Chapter 1207" has the meaning given to such term in the recitals to this Resolution.

"Chapter 1371" has the meaning given to such term in the recitals to this Resolution.

"Chapter 2306" has the meaning given to such term in the recitals to this Resolution.

"Counterparty" shall mean a counterparty to a Hedge Agreement.

"Depository Agreements" has the meaning given to such term in the recitals to this Resolution.

"DTC" means The Depository Trust Company, New York, New York, and its successors and assigns.

"Eligible Project Costs" has the meaning ascribed to it in the recitals to this Resolution.

"Escrow Agent" means each Escrow Agent selected pursuant to Section 2.5 hereof or any successor thereto.

"Escrow Agreement" means each Escrow Agreement between the Board and an Escrow Agent, as authorized by Section 2.5 hereof, as each such agreement may be amended from time to time in accordance with the terms thereof.

"FHLB Advances" means any advance pursuant to the Advances and Security Agreement, dated November 1, 2016, between the Department and Federal Home Loan Bank of Dallas, as amended, and the side letters executed pursuant thereto.

"Fixed Rate" means a rate of interest on a Bond that is fixed for the remaining term of the Bond.

"Fixed Rate Bonds" means the Bonds of a Series bearing interest at a Fixed Rate.

"Hedge Agreement" has the meaning ascribed to it in the recitals to this Resolution. To the extent permitted by law, the Department may enter into one or more Hedge Agreements in anticipation of, simultaneously with, or subsequent to the authorization and issuance of any Bonds benefiting from such Hedge Agreements.

"Hedge Agreement Payment Obligation" shall mean the obligation of the Department pursuant to a Hedge Agreement to make payments to a Counterparty under a Hedge Agreement. The term does not include collateral postings, termination payments or similar payments and does not include fees or expenses under the Hedge Agreement.

"Indentures" has the meaning given to such term in the recitals to this Resolution.

"Issuance Date" means the date of initial delivery of any Series of Bonds in exchange for the purchase price thereof.

“Maximum Rate” means the maximum net effective interest rate permitted under Chapter 1204, Texas Government Code, as amended, or such other maximum interest rate permitted to be borne by Bonds by then applicable law.

“Mortgage Certificates” has the meaning given to such term in the recitals to this Resolution.

“Outstanding Parity Bonds” means, collectively, the Outstanding RMRB Parity Bonds and the Outstanding SFMRB Parity Bonds.

“Outstanding RMRB Parity Bonds” means the Department’s Residential Mortgage Revenue Bonds, Series 2019A, Residential Mortgage Revenue Bonds, Series 2021A (Social Bonds), Residential Mortgage Revenue Refunding Bonds, Series 2021B (Taxable), Residential Mortgage Revenue Bonds, Series 2022A (Social Bonds), Residential Mortgage Revenue Bonds, Series 2022B (Social Bonds), Residential Mortgage Revenue Bonds, Series 2023A, Residential Mortgage Revenue Bonds, Series 2023B, Residential Mortgage Revenue Bonds, Taxable Series 2023C, Residential Mortgage Revenue Bonds, Series 2024A, Residential Mortgage Revenue Bonds, Taxable Series 2024B, Residential Mortgage Revenue Bonds, Series 2024C, and Residential Mortgage Revenue Bonds, Taxable Series 2024D.

“Outstanding SFMRB Parity Bonds” means the Department’s Single Family Mortgage Revenue Bonds, 2005 Series A, Single Family Mortgage Revenue Bonds, 2007 Series A, Single Family Mortgage Revenue Refunding Bonds, 2015 Series A (Taxable), Single Family Mortgage Revenue Bonds, 2015 Series B, Single Family Mortgage Revenue Bonds, 2016 Series A, Single Family Mortgage Revenue Refunding Bonds, 2016 Series B (Taxable), Single Family Mortgage Revenue Bonds, 2017 Series A, Single Family Mortgage Revenue Refunding Bonds, 2017 Series B (Taxable), Single Family Mortgage Revenue Bonds, 2017 Series C (Taxable), Single Family Mortgage Revenue Bonds, 2018 Series A, Single Family Mortgage Revenue Bonds, 2019 Series A, Single Family Mortgage Revenue Bonds, 2020 Series A, Single Family Mortgage Revenue Refunding Bonds, 2020 Series B (Taxable), Single Family Mortgage Revenue Bonds, 2021 Series A (Social Bonds), Single Family Mortgage Revenue Refunding Bonds, 2021 Series B (Taxable), Single Family Mortgage Revenue Bonds, 2022 Series A (Social Bonds), Single Family Mortgage Revenue Bonds, 2022 Series B, Single Family Mortgage Revenue Bonds, 2023 Series A, Single Family Mortgage Revenue Bonds, 2023 Series B (Taxable), Single Family Mortgage Revenue Bonds, 2023 Series C and Single Family Mortgage Revenue Bonds, 2023 Series D (Taxable).

“Pricing Certificate” means the certificate executed by the Authorized Representative in connection with each Series of Bonds that establishes the terms of such Series of Bonds pursuant to Section 2.4 hereof in connection with the initial issuance and delivery thereof. Each Pricing Certificate is hereby incorporated in and made a part of this Resolution and shall be filed in the minutes of the Board as a part of this Resolution.

“Refunded Bonds” means the particular Outstanding Parity Bonds that an Authorized Representative, acting for and on behalf of the Board pursuant to Sections 2.4 and 2.5 hereof,

determines shall be refunded by a Series of Bonds. The Refunded Bonds shall be specified in the Pricing Certificate.

“Repaid FHLB Advances” means the particular FHLB Advances that the Authorized Representative, acting for and on behalf of the Board, pursuant to Sections 2.4 and 2.5 hereof, determines shall be repaid from proceeds of a Series of Bonds. The Repaid FHLB Advances shall be specified in the Pricing Certificate.

“Resolution” means this resolution authorizing the Bonds, as the same may be amended from time to time in accordance with the terms hereof.

“Series” means any designated series of Bonds issued pursuant to this Resolution.

“Supplemental Indenture” or *“Supplemental Indentures”* has the meaning given to such term in the recitals to this Resolution.

“Tax-Exempt Bond” shall mean any Bond, the interest on which is excludable from gross income for federal income tax purposes.

“Taxable Bond” shall mean any Bond, the interest on which is not excludable from gross income for federal income tax purposes.

“Trustee” has the meaning given to such term in the recitals to this Resolution.

“Trust Company” has the meaning given to such term in the recitals to this Resolution.

“Underwriters” means the investment banking firm or firms that contract to purchase the Bonds of a Series, pursuant to a Bond Purchase Contract in accordance with Section 2.4 of this Resolution; provided that the same Underwriters may contract to purchase two or more Series of such Bonds pursuant to a single Bond Purchase Contract.

“Variable Rate” means a rate of interest that is not fixed, but is variable or adjustable by any formula, agreement or otherwise.

“Variable Rate Bonds” means Bonds that bear interest at Variable Rate, as set forth in the Pricing Certificate or Bond Purchase Contract for such Bonds.

ARTICLE 2 AUTHORIZATION AND TERMS OF THE BONDS

Section 2.1 Authorization and Authorized Amount. Pursuant to authority conferred by and in accordance with the provisions of the laws of the State, particularly the Acts, the Bonds are hereby authorized to be issued, in the maximum aggregate principal amount (calculated without regard to premium or discount affecting the sale price) of \$1,100,000,000 in one or more Series (as Tax-Exempt Bonds, Taxable Bonds, or any combination thereof) from time to time for the purpose of obtaining funds to refund the Refunded Bonds, to repay the FHLB Advances and

to finance Eligible Project Costs, all in accordance with and subject to the terms, conditions and limitations contained herein; provided that, the authority conferred by this Resolution to (i) act on behalf of the Board in connection with the initial sale of any Series of Bonds and (ii) execute one or more Bond Purchase Contracts(s) pursuant to this Resolution shall expire at 11:59 p.m. Austin, Texas time on October 9, 2025. Any Series of Bonds sold pursuant to a Bond Purchase Contract executed on or before the date and time specified in the immediately preceding sentence may be issued and delivered after such date. The Bonds are Additional Parity Bonds permitted to be issued under the Indentures and this Resolution on a parity and in all respects of equal dignity with the applicable Outstanding Parity Bonds.

The Bonds herein authorized, unless otherwise indicated, may be issued in the form of Fixed Rate Bonds or Variable Rate Bonds, all as provided in Section 2.2 hereof, the Pricing Certificate and in the Supplemental Indenture.

Section 2.2 Issuance, Designation, Execution and Delivery of the Bonds. The issuance of the Bonds from time to time in one or more series or subseries and on a taxable or tax-exempt basis is hereby authorized, all under and in accordance with the applicable Indenture; that such Bonds are to be designated as Residential Mortgage Revenue Bonds, Series 202[4][5] _____, or Single Family Mortgage Revenue Bonds, 202[4][5] Series _____ with such appropriate insertion or modification to differentiate separate series or subseries of Bonds, as determined by an Authorized Representative and referenced in the applicable Supplemental Indenture; and that, upon execution and delivery of the applicable Supplemental Indenture, the Authorized Representatives of the Department named in this Resolution are each hereby authorized to execute, attest and affix the Department's seal to the Bonds, which signatures and seal may be manual or facsimile, and to deliver the Bonds to the Attorney General of Texas (the "Attorney General") for approval, the Comptroller of Public Accounts of the State of Texas (the "Comptroller") for registration and the Trustee for authentication, and thereafter to deliver the Bonds to or upon the order of the Underwriters.

Section 2.3 Maturity; Redemption Prior to Maturity. (a) The Bonds of each Series shall mature on the dates and in the amounts set forth in the Pricing Certificate; provided that, the final maturity of the Bonds of a Series shall not be later than 40 years from their Issuance Date as set forth in the Pricing Certificate executed in connection with the initial issuance and delivery thereof.

(b) Subject to the notice provisions set forth in the Indentures and in the Supplemental Indentures, each Series of Bonds shall be subject to redemption by the Board prior to maturity as provided in the related Supplemental Indenture, which may be modified in the related Pricing Certificate.

Section 2.4 Issuance and Sale of Bonds; Delegation of Authority. (a) The Authorized Representatives are hereby severally authorized to act for and on behalf of the Board in connection with the issuance and sale of the Bonds. In that capacity, the Authorized Representative, acting for and on behalf of the Board, shall determine: the dated date of such Bonds and the Issuance Date thereof; the principal amount of Bonds of such Series to be issued

and sold; whether the Bonds shall be issued as Tax-Exempt Bonds or Taxable Bonds; the Series designation for such Bonds and any additional or different designation or title by which the Bonds of each Series shall be known; the authorized denominations applicable for the Bonds; the price at which the Bonds of such Series shall be sold; the principal amortization schedule for such Bonds; the redemption features of such Bonds; the rate or rates of interest to be borne by each maturity of such Bonds, or for Variable Rate Bonds the manner of determining such rate or rates; the Interest Payment Dates for such Bonds; the particular Outstanding Parity Bonds to be refunded, or Repaid FHLB Advances to be repaid, as appropriate, by any series of Bonds and the redemption date(s) thereof, as appropriate, the Eligible Project Costs to be financed by any Series of Bonds; and all other matters relating to the issuance, sale and delivery of the Bonds of each Series and the refunding of the Refunded Bonds or repayment of the Repaid FHLB Advances, as appropriate; all of which shall be specified in each Pricing Certificate; provided that (i) the aggregate principal amount of Bonds issued hereunder shall not exceed the amount authorized in Section 2.1 of this Resolution, (ii) the maturity date of any Series of Bonds shall not exceed the maximum maturity set forth in Section 2.3 of this Resolution, and (iii) each Series of Bonds must be sold on terms that produce (A) interest rates that do not exceed the Maximum Rate and (B) a sales price for the Bonds of such Series to the initial purchaser(s) thereof of not less than 95 percent and not more than 108 percent of the par amount thereof (plus accrued interest from the dated date of such Bonds to the Issuance Date). Interest on Variable Rate Bonds shall be computed as set forth in the related Bond Purchase Contract or Pricing Certificate. In addition, each Series of Bonds issued to refund Refunded Bonds must be sold on terms that produce a present value savings when the scheduled debt service payable on such Bonds during each Bond Year is subtracted from the scheduled debt service payable on the Refunded Bonds during the same Bond Year and the remainder is discounted to the scheduled date of delivery of the Bonds of such Series set forth in the Pricing Certificate at a discount factor equal to the yield on such Bonds determined in accordance with section 148 of the Code. Notwithstanding the foregoing and any other provision of this Resolution to the contrary, a Series of Bonds issued to refund Refunded Bonds may be sold on terms that do not satisfy the present value savings requirement set forth in the immediately preceding sentence if an Authorized Representative determines that such refunding of Refunded Bonds is in the best interest of the Department; provided that the maximum amount by which the aggregate amount of payments to be made under such Series of Bonds may not exceed 3 percent of the aggregate amount of payments that would have been made under the terms of the Refunded Bonds being refunded thereby. For purposes of performing the foregoing calculations, if the Refunded Bonds bear interest at a Variable Rate, then such Refunded Bonds shall be deemed to bear interest at all times to their maturity or due date at the Assumed Rate.

All Bonds sold to refund or refinance Refunded Bonds are hereby deemed to be "refunding bonds" and therefore may be sold in the manner deemed by an Authorized Representative to be most economically advantageous to the Board. If an Authorized Representative determines that any Series of Bonds shall be sold on a negotiated basis, such Authorized Representative is authorized to approve, execute and deliver a Bond Purchase Contract with the Underwriters of each such Series of Bonds. Notwithstanding the foregoing, the Authorized Representative may determine to sell two or more Series of such Bonds to the same

Underwriters pursuant to the terms of a single Bond Purchase Contract. The Authorized Representative's approval of a Bond Purchase Contract shall be conclusively evidenced by said Authorized Representative's execution thereof. The Authorized Representative, acting for and on behalf of the Board, may designate the senior managing Underwriter for each such Series of Bonds to be sold on a negotiated basis. It is further provided, however, that notwithstanding the foregoing provisions, the Bonds of any Series issued under this Section 2.4 to finance Eligible Project Costs shall not be delivered unless prior to delivery, such Bonds have been rated by a nationally recognized rating agency for municipal securities in one of the four highest rating categories for long-term obligations for Bonds as required by Chapter 1371.

(b) The Authorized Representatives, acting for and on behalf of the Board, are severally authorized and directed to provide for and oversee the preparation of a preliminary official statement to be prepared for distribution (which may be made electronically) and to be used in the offering and sale of Bonds. The Authorized Representatives, acting for and on behalf of the Board, are hereby severally authorized to approve the form of the preliminary official statement and to deem the preliminary official statement to be final as of its date, except for such omissions as are permitted by Rule 15c2-12. The Authorized Representatives, acting for and on behalf of the Board, are hereby severally directed to cause a final official statement to be prepared and provided in compliance with Rule 15c2-12. Notwithstanding the foregoing, the Authorized Representatives may prepare one preliminary official statement and one final official statement with respect to multiple Series of Bonds so sold.

(c) Following the execution of each Pricing Certificate in connection with the initial issuance and delivery of a Series of Bonds, the Authorized Representative shall notify the Trustee in writing of the identity of the respective initial purchasers and of the following terms for the related Series of Bonds: Series designation; dated date and Issuance Date; principal amount; purchase price; maturities; redemption provisions; initial rate or rates of interest; and the Interest Payment Dates. The Authorized Representative shall deliver the Initial Bonds of such Series to the respective initial purchasers against payment therefore; provided that delivery of any Bond shall be expressly conditioned upon satisfaction of all applicable requirements in Section 302 of the Single Family Indenture or Section 302 of the RMRB Indenture, as applicable, and in the Supplemental Indenture related to the particular Series of Bonds.

Section 2.5 Refunding of Refunded Bonds; Escrow Agreements. (a) As provided in Section 2.4 above, the Authorized Representatives shall determine the particular Outstanding Parity Bonds to be refunded by a Series of Bonds subject, in the case of the related Refunded Bonds, to the requirements of Section 2.4.

(b) Subject to the execution of an Pricing Certificate and the determination by an Authorized Representative of the Refunded Bonds to be refunded by a Series of Bonds, the Board irrevocably calls the particular Outstanding Parity Bonds constituting Refunded Bonds for redemption prior to maturity on the first optional redemption date following delivery of the Bonds of such Series, for which all of the notice requirements for redemption can reasonably be met, at a redemption price of par (plus accrued interest to the date fixed for redemption).

Upon execution of the respective Pricing Certificate, the Authorized Representatives, acting for and on behalf of the Board, shall provide for notice of such redemption to be given in accordance with the supplemental indenture authorizing the Refunded Bonds.

(c) Concurrently with the delivery of each Series of Bonds issued for the purpose of refunding Refunded Bonds, the Authorized Representatives, acting for and on behalf of the Board, are hereby authorized to designate one or more escrow agents (each, an “Escrow Agent”) in connection therewith, to approve the form and substance of an escrow agreement (each, an “Escrow Agreement”) in connection therewith cause to be deposited from the proceeds from the sale of the Bonds of such Series, together with the other legally available funds with the appropriate Escrow Agent, in an amount sufficient to provide for the refunding of the Refunded Bonds in accordance with Chapter 1207. The discharge and defeasance of the Refunded Bonds shall be effected pursuant to the terms and provisions of the respective Escrow Agreement with the respective Escrow Agent. Notwithstanding anything to the contrary contained in this Section 2.5, the Authorized Representatives, acting for and on behalf of the Board, may (i) determine to approve, execute and deliver for and on behalf of the Board a single Escrow Agreement with the same Escrow Agent for Refunded Bonds, and (ii) accomplish the refunding thereof without executing an Escrow Agreement by making a deposit directly with the paying agent therefor.

(d) If an Authorized Representative determines to execute an Escrow Agreement relating to the Refunded Bonds, to assure the purchase of the “Escrowed Securities” referred to in the Escrow Agreement for the Refunded Bonds, such Authorized Representative, acting for and on behalf of the Board, is hereby authorized to subscribe for, agree to purchase and purchase “Government Obligations,” as defined in the supplemental indenture authorizing the Refunding Bonds, in such amounts and maturities and bearing interest at such rates as may be provided for in such Escrow Agreement, and to execute any and all subscriptions, purchase agreements, commitments, letters of authorization and other documents necessary to effectuate the foregoing, and is authorized to create and fund the “Escrow Fund” contemplated by such Escrow Agreement through the use of the proceeds of the Series of Bonds issued to refund the Refunded Bonds, the moneys and investments held in the fund securing the Refunded Bonds, and other lawfully available moneys of the Board.

(e) To satisfy in a timely manner all of the Board’s obligations under this Resolution and the Escrow Agreement(s), the Authorized Representatives and all other appropriate officers and agents of the Board are hereby severally authorized and directed for and on behalf of the Board to take all other actions that are reasonably necessary to provide for the refunding of the Refunded Bonds, including, without limitation, executing and delivering for and on behalf of the Board all certificates, consents, receipts, requests and other documents as may be reasonably necessary to satisfy the Board’s obligations under the Escrow Agreement(s) and this Resolution and to direct the transfer and application of funds of the Board consistent with the provisions of such Escrow Agreement(s) and this Resolution.

(f) It is hereby found and determined that (i) the refunding of the Refunded Bonds is advisable and necessary in order to restructure the debt service requirements of the Department

and (ii) the manner in which the refunding of the Refunded Bonds is being executed does not make it practicable to make the determination required by Section 1207.008(a)(2) of the Government Code.

Section 2.6 Application of Bond Proceeds. Proceeds from the sale of the Bonds of each Series shall, promptly upon receipt thereof, be applied by the Authorized Representative as provided in the respective Indenture and the Supplemental Indenture with respect to the particular Series of Bonds.

Section 2.7 Indenture Funds. The Authorized Representatives are further authorized and directed to apply and there is hereby appropriated such moneys on deposit under the applicable Indenture as are necessary (i) to pay the costs of issuance of the Bonds incurred in connection with the issuance of the Bonds and the refunding of the Refunded Bonds (including the redemption or purchase for cancellation of Refunded Bonds, to the extent not paid from Bond proceeds); (ii) to make the deposits described in the applicable Indenture in amounts sufficient, together with the proceeds of the Bonds, to provide for the defeasance of the Refunded Bonds and the repayment of the Repaid FHLB Advances, as appropriate, on the date of delivery of the Bonds.

Section 2.8 Additional Agreements. The Authorized Representatives are hereby authorized and directed to execute any supplemental document with the Trustee or DTC as may be necessary to consummate the transactions contemplated by this Resolution, any such document to be subject to the approval of each of the foregoing parties.

Section 2.9 Further Procedures. Each Authorized Representative and all other officers, employees, and agents of the Board, and each of them, shall be and they are hereby expressly authorized, empowered, and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge, attest, affix the Department's seal to and deliver, in the name and under the seal and on behalf of the Board, all such agreements, assignments, bonds, certificates, contracts, documents, instruments, releases, financing statements, letters of instruction, notices of acceptance, written requests and other papers, and to take such other acts, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Resolution, the Indentures, the Depository Agreements, the Bonds, the preliminary official statement and the official statement for any Bonds, any continuing disclosure agreement, any Escrow Agreement, any Bond Purchase Contract or any Supplemental Indenture.

In addition, the Authorized Representatives, the General Counsel to the Board and Bond Counsel are hereby authorized to approve, subsequent to the date of the adoption of this Resolution, any technical amendments to this Resolution as may be required by any bond rating agency as a condition to the granting of a rating on any Series of Bonds, as may be required by the office of the Texas Attorney General as a condition to the approval of the Bonds and as may be required to assist Underwriters in complying with Rule 15c2-12.

Section 2.10 Approval, Execution and Delivery of the Supplemental Indentures. That the form and substance of the Supplemental Indentures are hereby approved and that the Authorized Representatives are hereby severally authorized to execute, and if requested, attest and affix the Department's seal to each applicable Supplemental Indenture and to deliver such Supplemental Indenture to the Trustee.

Section 2.11 Approval of GIC Broker; Approval of Investment in GICs. That the Authorized Representatives are each hereby authorized to select a GIC broker, if any, and that the investment of funds held under the Indentures in connection with the Bonds in GICs is hereby approved and that the Authorized Representatives are hereby authorized to complete arrangements for such investment in GICs or such other investments as the Authorized Representatives may approve.

Section 2.12 Power to Revise Form of Documents. That, notwithstanding any other provision of this Resolution, the Authorized Representatives are each hereby authorized to make or approve such revisions in the form of the documents attached hereto as exhibits as, in the judgment of such Authorized Representative, or in the opinion of Bond Counsel, may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution, such approval to be evidenced by the execution of such documents by the Authorized Representatives.

Section 2.13 Exhibits Incorporated Herein. That all of the terms and provisions of each of the documents listed below as an exhibit shall be and are hereby incorporated into and made a part of this Resolution for all purposes:

- Exhibit A-1 – Tax-Exempt Supplemental Indenture (SFMRB)
- Exhibit A-2 – Taxable Supplemental Indenture (SFMRB)
- Exhibit B-1 – Tax-Exempt Supplemental Indenture (RMRB)
- Exhibit B-2 – Taxable Supplemental Indenture (RMRB)

Section 2.14 Authorized Representatives. The following persons are each hereby named as authorized representatives of the Department for purposes of executing, attesting, affixing the Department's seal to, and delivering the documents and instruments and taking the other actions referred to in this Resolution: the Chair or Vice Chair of the Board, the Executive Director of the Department, the Director of Administration of the Department, the Director of Financial Administration of the Department, the Director of Bond Finance of the Department and the Secretary or Assistant Secretary to the Board. Such persons are referred to herein collectively as the "Authorized Representatives." Any one of the Authorized Representatives is authorized to act individually as set forth in this Resolution.

Section 2.15 Department Contribution. That the contribution of Department funds in an amount not to exceed \$10,000,000 per Series of Bonds to be used for any purpose authorized under Chapter 2306 and the applicable Indenture, including to provide down payment and closing cost assistance, to make and acquire qualifying Mortgage Loans, including payment of

lender compensation, through the purchase of Mortgage Certificates and to pay all or a portion of the costs of issuance of the Bonds is hereby authorized.

Section 2.16 Use of Indenture Funds. That the use of an amount not to exceed \$10,000,000 per Series of Bonds of funds on deposit under the applicable Indenture to fund capitalized interest on the Bonds is hereby authorized.

ARTICLE 3 AUTHORIZATION AND TERMS OF HEDGE AGREEMENTS

Section 3.1 Authorization of Hedge Agreements. Pursuant to authority conferred by and in accordance with the provisions of the laws of the State, particularly Section 2306.351, Texas Government Code, the Department reserves and shall have the right and authority to execute and deliver Hedge Agreements (subject to Section 3.2 below) with respect to any or all of the Bonds for any purpose authorized by law pursuant to the provisions of this Resolution and any Supplemental Indenture on the terms conditions set forth in Article III of this Resolution; provided that, the authority conferred by this Resolution to execute any such Hedge Agreement shall expire at 11:59 p.m. Austin, Texas time on October 9, 2025.

Section 3.2 Delegation. Each Authorized Representative is hereby severally authorized to act on behalf of the Department in accepting and executing a Hedge Agreement when, in such person's judgment, the execution of such Hedge Agreement is consistent with this Resolution and the Department's Interest Rate Swap Policy and Investment Policy, to the extent applicable, and the transaction is in the best interests of the Department given the market conditions at that time.

- (a) Determination as Hedge Agreement. The Board hereby determines that any such Hedge Agreement entered into by an Authorized Representative pursuant to this Resolution is necessary or appropriate to place the Department's obligations with respect to its outstanding Bonds or Bonds anticipated to be issued in the future, and any Mortgage Loans or Mortgage Certificates, on the interest rate, currency, cash flow or other basis set forth in such Hedge Agreement as approved and executed on behalf of the Department by an Authorized Representative. Each Hedge Agreement constitutes a "contract" under Section 2306.351(b) of Chapter 2306.
- (b) Maximum Term. The maximum term of each Hedge Agreement authorized by this Resolution shall not exceed the maturity date of the then outstanding related Bonds or the related Bonds anticipated to be issued in the future, as applicable.
- (c) Notional Amount. The notional amount of any Hedge Agreement authorized by this Resolution shall not at any time exceed the aggregate principal amount of the then outstanding related Bonds or related Bonds

anticipated to be issued in the future, as applicable; provided that the aggregate notional amount of multiple Hedge Agreements relating to the same Bonds may exceed the principal amount of the related Bonds if such Hedge Agreements are for different purposes, as evidenced for example by different rates for calculating payments owed, and the aggregate notional amount of any such Hedge Agreements for the same purpose otherwise satisfies the foregoing requirements.

- (d) Early Termination. No Hedge Agreement entered into pursuant to this Resolution shall contain early termination provisions at the option of the Counterparty except upon the occurrence of an event of default or a termination event, as prescribed in the applicable Hedge Agreement. In addition to subsections (a) and (b) of Section 3 hereof, each Authorized Representative is hereby severally authorized to terminate any Hedge Agreement in whole or in part when, in such person's judgment, such termination is in the best interests of the Department given the market conditions at that time.
- (e) Maximum Rate. No Hedge Agreement authorized by this Resolution shall be payable at a rate greater than the maximum rate allowed by law.
- (f) Source of Payment. Hedge Agreement Payment Obligations may be made from lawfully available funds of the Department, including (i) with respect to a Hedge Agreement executed in connection with Single Family Mortgage Revenue Bonds, funds available for such purpose and on deposit in the Surplus Revenues Account held under the Single Family Indenture, or (ii) with respect to a Hedge Agreement executed in connection with Residential Mortgage Revenue Bonds, funds available for such purpose and on deposit in the Residual Revenues Fund held under the RMRB Indenture.

ARTICLE 4

APPROVAL AND RATIFICATION OF CERTAIN ACTIONS

Section 4.1 Approval and Ratification of Application to Texas Bond Review Board. That the Board hereby ratifies and approves the submission of an application for approval of state bonds to the Texas Bond Review Board on behalf of the Department in connection with the issuance of each series of Bonds in accordance with Chapter 1231, Texas Government Code.

Section 4.2 Submission to the Attorney General of Texas. That the Board hereby approves the submission by Bond Counsel to the Attorney General of Texas, for his approval, of a transcript of the legal proceedings relating to the issuance, sale and delivery of each Series of Bonds, and as applicable, execution of a Hedge Agreement.

Section 4.3 Engagement of Other Professionals. That the Authorized Representatives are each authorized to engage an accounting firm or firms to perform such functions, audits, yield calculations, verifications and subsequent investigations as necessary or appropriate to comply with a Bond Purchase Contract and the requirements of the purchasers of the Bonds and Bond Counsel, provided such engagement is done in accordance with applicable State law.

Section 4.4 Certification of the Minutes and Records. That the Secretary and any Assistant Secretary to the Board are hereby authorized to certify and authenticate minutes and other records on behalf of the Department for the Program, the issuance of the Bonds and all other Department activities.

Section 4.5 Approval of Requests for Rating from Rating Agencies. That the Authorized Representatives and the Department's consultants are authorized to seek ratings from Moody's Investors Service, Inc. and S&P Global Ratings, a division of S&P Global Inc.

Section 4.6 Ratifying Other Actions. That all other actions taken or to be taken by the Authorized Representatives and the Department's staff in connection with the issuance of the Bonds are hereby ratified and confirmed.

Section 4.7 Authorized to Invest Funds. That pursuant to Section 1371.102, Texas Government Code, and Chapter 2306, the Authorized Representatives are each hereby authorized to undertake all appropriate actions required under the applicable Indenture and the Depository Agreements and to provide for investment and reinvestment of all funds held under each Indenture in accordance with such Indenture.

Section 4.8 No Gain Allowed. That, in accordance with Section 2306.498, Texas Government Code, no member of the Board or employee of the Department may purchase the Notes in the secondary open market for municipal securities.

ARTICLE 5 CERTAIN FINDINGS AND DETERMINATIONS

Section 5.1 Purpose of Bonds. That the Board hereby determines that the purpose for which the Department may issue the Bonds constitutes "public works" as contemplated by Chapter 1371.

ARTICLE 6 GENERAL PROVISIONS

Section 6.1 Limited Obligations. That the Bonds and the interest thereon shall be limited obligations of the Department payable solely from the trust estate pledged under each Indenture to secure payment of the bonds issued under such Indenture and payment of the Department's costs and expenses for its single family mortgage revenue bond program thereunder and under such Indenture, and under no circumstances shall the Bonds be payable from any other revenues, funds, assets or income of the Department.

Section 6.2 Non-Governmental Obligations. That the Bonds shall not be and do not create or constitute in any way an obligation, a debt or a liability of the State or create or constitute a pledge, giving or lending of the faith or credit or taxing power of the State.

Section 6.3 Purposes of Resolution. That the Board has expressly determined and hereby confirms that the issuance of the Bonds and the furtherance of the purposes contemplated by this Resolution accomplish a valid public purpose of the Department by providing for the housing needs of individuals and families of low, very low and extremely low income and families of moderate income in the State.

Section 6.4 Notice of Meeting. That this Resolution was considered and adopted at a meeting of the Board that was noticed, convened, and conducted in full compliance with the Texas Open Meetings Act, Chapter 551 of the Texas Government Code, and with Section 2306.032 of the Texas Government Code, regarding meetings of the Board.

Section 6.5 Effective Date. That this Resolution shall be in full force and effect from and upon its adoption.

PASSED AND APPROVED this 10th day of October, 2024.

EXHIBITS

ALL DOCUMENTS REFERRED TO IN THE FOREGOING RESOLUTION ARE ATTACHED TO THE ORIGINAL COPY OF SAID RESOLUTION, WHICH IS ON FILE IN THE OFFICIAL RECORDS OF THE DEPARTMENT, AND EXECUTED COUNTERPARTS OF SUCH EXHIBITS ARE INCLUDED IN THE OFFICIAL TRANSCRIPT OF PROCEEDINGS RELATING TO THE BONDS.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

FORTY-FIFTH SUPPLEMENTAL RESIDENTIAL MORTGAGE
REVENUE BOND TRUST INDENTURE

BETWEEN

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

AND

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., AS TRUSTEE

AUTHORIZING

[\$[2025A PAR]
RESIDENTIAL MORTGAGE REVENUE BONDS,
SERIES 2025A

Dated as of [February] 1, 2025

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**FORTY-FIFTH SUPPLEMENTAL RESIDENTIAL MORTGAGE
REVENUE BOND TRUST INDENTURE**

THIS FORTY-FIFTH SUPPLEMENTAL RESIDENTIAL MORTGAGE REVENUE BOND TRUST INDENTURE, dated as of [February] 1, 2025 (together with any amendments hereto, this “2025A Series Supplement”), is made by and between 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 hereunder, the “Department”), and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association, as trustee (as successor trustee to MTrust Corp, and together with any successor trustee hereunder, the “Trustee”).

RECITALS

WHEREAS, the Department and the Trustee have heretofore executed and delivered that certain Amended and Restated Residential Mortgage Revenue Bond Trust Indenture dated as of July 1, 2019, as amended and supplemented from time to time (the “Indenture”), providing for the issuance from time to time by the Department of one or more series of its Residential Mortgage Revenue Bonds (collectively, the “Bonds”); and

WHEREAS, the Department has been created and organized pursuant to and in accordance with the provisions of Chapter 2306, Texas Government Code, as such may be amended from time to time (together with other laws of the State of Texas (the “State”) applicable to the Department, the “Act”), for the purpose, among others, of providing a means of financing the costs of residential ownership, development and rehabilitation that will provide safe and sanitary housing for persons and families of low and very low income and families of moderate income (as described in the Act and as determined by the Governing Board of the Department from time to time) at prices they can afford; and

WHEREAS, the Act authorizes the Department: (i) to make and acquire, and to enter into advance commitments to make and acquire, mortgage loans (including participations therein) secured by mortgages on residential housing in the State; (ii) to issue its bonds for the purpose of obtaining funds to make and acquire such mortgage loans or participations therein, to establish necessary reserve funds and to pay administrative and other costs incurred in connection with the issuance of such bonds; and (iii) to pledge all or any part of the revenues, receipts or resources of the Department, including the revenues and receipts to be received by the Department from such mortgage loans or participations therein, and to mortgage, pledge or grant security interests in such mortgages, mortgage loans or participations therein or other property of the Department, to secure the payment of the principal or redemption price of and interest on such bonds; and

WHEREAS, Section 1002 of the Indenture authorizes the Department and the Trustee to execute and deliver a supplemental indenture, authorizing Bonds of a Series to include any other matters and things relative to such Bonds which are not inconsistent with or contrary to the Indenture, to add to the covenants of the Department, and to pledge other moneys, securities or funds as part of the Trust Estate; and

WHEREAS, the Department has determined to issue its Residential Mortgage Revenue Bonds, Series 2025A in an aggregate principal amount of \$[2025A PAR] (the “Series 2025A Bonds”) pursuant to the Indenture and this 2025A Series Supplement to obtain funds to acquire Mortgage Certificates backed by Mortgage Loans secured by mortgages on residential housing in the State owned and occupied by persons and families of low and very low income and families of moderate income, to provide down payment and closing cost assistance with respect to Assisted Mortgage Loans (as hereinafter defined), to pay lender compensation related to the 2025A Mortgage Loans and to pay a portion of the costs of issuance of the Series 2025A Bonds, all under and in accordance with the Constitution and the laws of the State; and

WHEREAS, the execution and delivery of this 2025A Series Supplement and the issuance of the Series 2025A Bonds have been in all respects duly and validly authorized by a written resolution of the Governing Board of the Department; and

WHEREAS, the Trustee has accepted the trusts created by the Indenture and this 2025A Series Supplement and in evidence thereof has joined in the execution and delivery hereof; and

WHEREAS, except as provided herein, all acts and conditions and things required by the Constitution and laws of the State to happen, exist and be performed precedent to execution and delivery of this 2025A Series Supplement have happened, exist and have been performed as so required in order to make the Indenture, as supplemented by this 2025A Series Supplement, a valid, binding and legal instrument for the security of the Series 2025A Bonds and a valid and binding agreement in accordance with its terms;

NOW, THEREFORE, in consideration of the premises, the acceptance by the Trustee of the trusts hereby created, the purchase and acceptance of the Series 2025A Bonds by the holders thereof from time to time, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and for the further purpose of fixing and declaring the terms and conditions upon which the Series 2025A Bonds are to be issued, authenticated, delivered and accepted by the holders thereof from time to time, the Department and the Trustee do hereby mutually covenant and agree, for the equal and proportionate benefit of the respective holders from time to time of the Bonds, including the Series 2025A Bonds, as follows:

ARTICLE I

DEFINITIONS, STATUTORY AUTHORITY AND PLEDGE OF SECURITY

Section 1.1. Supplemental Indenture. This 2025A Series Supplement is supplemental to, and is adopted in accordance with, Article III and Article X of the Indenture.

Section 1.2. Definitions.

- (a) Unless defined in subsection (b) of this Section 1.2 or unless the context shall require otherwise, all defined terms contained in the Indenture shall have the same meanings in this 2025A Series Supplement (other than in the form of Series 2025A Bond set forth in Exhibit A hereto) as such defined terms are given in Section 101 of the Indenture.

(b) As used in this 2025A Series Supplement (other than in the form of Series 2025A Bond set forth in Exhibit A hereto), unless the context shall otherwise require, the following terms shall have the following respective meanings:

“Account” or “Accounts” shall mean any one or more, as the case may be, of the separate special trust accounts pertaining to the Series 2025A Bonds created and established in Section 2.9 of this 2025A Series Supplement.

“Assisted Mortgage Loans” shall mean 2025A Mortgage Loans that include a related DPA Loan to provide down payment and closing cost assistance.

“Authorized Denominations” shall mean \$5,000 principal amount or any integral multiples thereof.

“Authorized Representative of the Department” shall mean the Chair or Vice Chair of the Board, the Executive Director of the Department, the Director of Administration of the Department, the Director of Financial Administration of the Department, the Director of Bond Finance of the Department, the Manager of Single Family Finance of the Department and the Secretary or any Assistant Secretary to the Board or any other employee or officer or member of the Department authorized to perform specific acts or duties by resolution duly adopted by the Board and as evidenced by a written certificate delivered to the Trustee containing the specimen signature of such person.

“Board” shall mean the Governing Board of the Department.

“Bond Counsel” shall mean a firm or firms of attorneys selected by the Department, and acceptable to the Trustee, experienced in the field of housing revenue bonds the interest on which is excludable from gross income for federal income tax purposes, and whose legal opinion on such bonds is acceptable in national bond markets.

“Bond Depository” shall mean The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State of New York, and any successor Bond Depository appointed pursuant to Section 913 of the Indenture and Section 2.6 hereof.

“Business Day” shall mean any day other than a (i) Saturday or Sunday, (ii) day on which banking institutions in New York, New York, the State, or the city in which the payment office of the Paying Agent is located are authorized or obligated by law or executive order to be closed for business, or (iii) day on which the New York Stock Exchange is closed.

“Certificate Accrued Interest” shall mean the amount of interest received in the month following the month of the purchase of a 2025A Mortgage Certificate by the Trustee which represents the number of days of interest on such 2025A Mortgage Certificate at the applicable Pass-Through Rate from the first day of the month of purchase to, but not including, the Certificate Purchase Date.

“Certificate Purchase Date” shall mean, with respect to a 2025A Mortgage Certificate, the date of purchase thereof by the Trustee on behalf of the Department in accordance with the Servicing Agreement.

“Certificate Purchase Period” shall mean the period from the Issuance Date to and including [_____], but which may be extended to a date no later than [July 1, 2028], in accordance with Section 5.2 of this 2025A Series Supplement.

“Code” shall mean the Internal Revenue Code of 1986, as amended, and, with respect to a specific section thereof, such reference shall be deemed to include (a) the Regulations promulgated under such section, (b) any successor provision of similar import hereafter enacted, (c) any corresponding provision of any subsequent Internal Revenue Code and (d) the regulations promulgated under the provisions described in clauses (b) and (c).

“Compliance Agent” shall mean Hilltop Securities Inc., and its successors and assigns.

“Compliance Agreement” shall mean the Program Administration Agreement dated as of May 24, 2023, by and between the Department and the Compliance Agent, together with any amendments thereto.

“Comptroller” means the Comptroller of Public Accounts of the State of Texas.

“Computation Date” shall mean each Installment Computation Date and the Final Computation Date.

“Contract for Deed Exception” shall mean the exception from certain Mortgage Loan eligibility requirements available with respect to a Borrower possessing land under a contract for deed, as provided in Section 143(i)(1)(C) of the Code.

“Costs of Issuance” shall mean costs to the extent incurred in connection with, and allocable to, the issuance of an issuance of obligations within the meaning of Section 147(g) of the Code. For example, Costs of Issuance include the following costs, but only to the extent incurred in connection with, and allocable to, the borrowing: underwriters’ spread; counsel fees; financial advisory fees; fees paid to an organization to evaluate the credit quality of an issue; trustee fees; paying agent fees; bond registrar, certification and authentication fees; accounting fees; printing costs for bonds and offering documents; public approval process costs; engineering and feasibility study costs; guarantee fees, other than qualified guarantees; and similar costs.

“Counsel’s Opinion” shall mean a written opinion signed by an attorney or firm of attorneys of nationally recognized standing in the field of law relating to municipal bonds (who may also be counsel to the Department) selected by the Department and satisfactory to the Trustee.

“Depository” shall mean the Texas Treasury Safekeeping Trust Company, acting in accordance with the Depository Agreement, and any bank or trust company appointed pursuant to Section 914 of the Indenture and Section 5.7 hereof to act as depository of certain moneys and investments.

“Depository Agreement” shall mean that certain Nineteenth Supplement to Amended and Restated Depository Agreement dated as of the date hereof, by and among the Department, the Trustee and the Depository relating to the Series 2025A Bonds, together with any amendments or supplements thereto.

“Depository Participant” shall mean a broker, dealer, bank, other financial institution or any other Person for whom from time to time a Bond Depository effects book-entry transfers and pledges of securities deposited with such Bond Depository.

“De Minimis Special Redemption” shall mean a one-time redemption of Series 2025A Bonds from unexpended Proceeds in an amount less than \$500,000 that is treated as a Special Redemption from Mortgage Loan Principal Payments in accordance with Section 2.7(b) hereof.

“DPA Loan” means a subordinated, no stated interest loan for down payment and closing costs made to a mortgagor under the Program in an amount as identified in the commitment lot notice applicable to the 2025A Mortgage Loan, subject to adjustment from time to time at the direction of the Department. DPA Loans are due on sale, refinance, or repayment of the first mortgage and have a thirty year term. DPA Loans are not considered Mortgage Loans.

“Favorable Opinion of Bond Counsel” shall mean, with respect to any action, or omission of an action, the taking or omission of which requires such an opinion, an unqualified written opinion of Bond Counsel to the effect that, under existing law, such action or omission does not adversely affect the excludability of interest payable on the Series 2025A Bonds from gross income for federal income tax purposes (subject to the inclusion of any exceptions contained in the opinion of Bond Counsel delivered upon original issuance of the Series 2025A Bonds or other customary exceptions acceptable to the recipient thereof).

“Final Computation Date” shall mean the date on which final payment in full of the Series 2025A Bonds is made.

“Ginnie Mae” shall mean the Government National Mortgage Association, a wholly-owned corporate instrumentality of the United States of America within the Department of Housing and Urban Development, whose powers are prescribed generally by Title III of the National Housing Act of 1934, as amended (12 U.S.C. § 1716 et seq.), and any successor thereto.

“Ginnie Mae Certificate” shall mean a fully-modified, mortgage-backed, pass-through security issued by the Servicer in accordance with the applicable Ginnie Mae Guide bearing interest at the applicable Pass-Through Rate and representing the beneficial ownership interest in a Ginnie Mae pool, registered in the name of the Trustee and guaranteed as to timely payment of principal and interest by Ginnie Mae pursuant to Section 306(g) of Title III of the National Housing Act of 1934 and regulations promulgated thereunder backed by Mortgage Loans originated by Mortgage Lenders under the Program and packaged by the Servicer into a Ginnie Mae pool.

“Ginnie Mae Certificate Purchase Price” shall mean, with respect to the Program and the purchase of any Ginnie Mae Certificate thereunder by the Trustee on any Certificate Purchase Date, the total of 100% of the principal balance of the 2025A Mortgage Loans in the applicable Mortgage Pool on record with Ginnie Mae (subject to adjustment upon written notice from the

Department) on the first day of the month in which the subject Certificate Purchase Date occurs, but shall not include any Certificate Accrued Interest thereon.

“Ginnie Mae Guaranty Agreement” shall mean, with respect to the Program, the Commitment to Guarantee Mortgage-Backed Securities (Form HUD-11704) (whether one or more) issued by Ginnie Mae to the Servicer, together with any amendments or supplements thereto or extensions thereof.

“Gross Proceeds” shall mean any Proceeds and any Replacement Proceeds.

“IHFA” means the Idaho Housing and Finance Association, an Idaho independent public body corporate and politic.

“Indenture” shall mean the Amended and Restated Residential Mortgage Revenue Bond Trust Indenture dated as of July 1, 2019, between the Department and the Trustee, as supplemented and amended from time to time.

“Initial Bond” means the Series 2025A Bond approved by the Attorney General of the State of Texas and registered by the Comptroller.

“Installment Computation Date” shall mean the last day of the fifth Tax Bond Year and each succeeding fifth Tax Bond Year.

“Interest Payment Date” shall mean, with respect to the Series 2025A Bonds, each [July 1] and [January 1], commencing [July 1, 2025], and any other date on which the Series 2025A Bonds are subject to redemption.

“Investment Proceeds” has the meaning set forth in Section 1.148-1(b) of the Regulations and, generally, consist of any amounts actually or constructively received from investing Proceeds.

“Issuance Date” shall mean [DELIVERY DATE], the date of initial issuance and delivery of the Series 2025A Bonds to the Underwriters, as initial purchasers thereof, in exchange for payment of the purchase price of the Series 2025A Bonds.

“Letter of Instructions” shall mean, with respect to the Series 2025A Bonds, a written directive and authorization to the Trustee or any Depository specifying the period of time for which such directive and authorization shall remain in effect, executed by two Authorized Representatives of the Department.

“Letter of Representations” shall mean that certain DTC Blanket Issuer Letter of Representations executed by the Department and the Bond Depository.

“Mortgage Loan Principal Payment” shall mean, with respect to any 2025A Mortgage Loan, all amounts representing (i) scheduled payments of principal thereof and (ii) Mortgage Loan Principal Prepayments other than portions, if any, of Mortgage Loan Principal Prepayments representing any penalty, fee, premium or other additional charge for the prepayment of principal which may be paid pursuant to the terms of such 2025A Mortgage Loan.

“Mortgage Origination Agreement” shall mean the Master Mortgage Origination Agreement by and between the Department and a Mortgage Lender, together with any amendments thereto.

“Mortgage Pool” shall have the meaning assigned to the term “Pool” in the Servicing Agreement.

“Net Proceeds” means Sale Proceeds, less the portion of any Sale Proceeds invested in a reasonably required reserve or replacement fund.

“Nonpurpose Investment” shall mean any “investment property,” as defined in Section 148(b) of the Code, that is not a purpose investment acquired to carry out the governmental purpose of the Series 2025A Bonds.

“Optional Redemption Date” shall mean [_____].

“Other Obligated Person” shall mean a Person that is a mortgagor with respect to at least 20% in aggregate principal amount of the Mortgage Loans held under the Indenture.

“Pass-Through Rate” shall mean the interest rate accruing each month on a 2025A Mortgage Certificate, which will equal the mortgage rate of the 2025A Mortgage Loans backing the 2025A Mortgage Certificate less servicing and guaranty fees, which fees are retained by the Servicer.

“Paying Agent” shall mean the Trustee.

“Premium PAC Term Bond” shall mean the Series 2025A Bond maturing on [_____].

“Premium PAC Term Bond Outstanding Applicable Amount” shall mean the amounts identified as such in Exhibit B hereto (subject to adjustments as described below). Any special redemption of the Series 2025A Bonds from unexpended Proceeds pursuant to Section 2.7(a) hereof, other than a De Minimis Special Redemption, will reduce the Premium PAC Term Bond Outstanding Applicable Amount for the Series 2025A Bonds for the current and each future monthly period on a proportionate basis. Thereafter, the Premium PAC Term Bond Outstanding Applicable Amount shall be the remaining balance, if any, of the Premium PAC Term Bond Outstanding Applicable Amount as adjusted from prior periods.

“Premium Serial Bonds” shall mean the Series 2025A Bonds maturing [_____], through [_____], inclusive.

“Premium Term Bonds” shall mean the Series 2025A Bonds maturing [_____] and [_____].

“Proceeds” shall mean any Sale Proceeds, Investment Proceeds and Transferred Proceeds.

“Program” shall mean the Department’s Single Family Mortgage Purchase Program as set forth and implemented through the Program Agreement.

“Program Agreement” shall mean, collectively, the Mortgage Origination Agreement, the Servicing Agreement, the Compliance Agreement and the Program Guidelines.

“Program Guidelines” shall mean the Program Guidelines for Texas Department of Housing and Community Affairs effective July 24, 2023, relating to specific provisions of the Program, as amended from time to time.

“Purchase Agreement” shall mean the Bond Purchase Agreement dated [PRICING DATE], between the Department and the Underwriters providing for the purchase of the Series 2025A Bonds by the Underwriters, as amended or supplemented from time to time.

“Rating Agency” shall mean: (i) S&P Global Ratings, a division of S&P Global Inc., and any successor thereto; and (ii) Moody’s Ratings and any successor thereto to the extent either agency then has a rating on the Bonds in effect at the request of the Department.

“Rebate Amount” has the meaning set forth in Section 1.148-3(b) of the Regulations and generally means the excess, as of any date, of the future value of all receipts on Nonpurpose Investments over the future value of all payments on Nonpurpose Investments, all as determined in accordance with Section 1.148-3 of the Regulations.

“Rebate Analyst” shall mean a person that is (a) qualified and experienced in the calculation of rebate payments under Section 148 of the Code, (b) chosen by the Department, and (c) engaged for the purpose of determining the Rebate Amount and the amount of required deposits, if any, to the Rebate Fund.

“Record Date” shall mean the close of business on the 15th day of the month (whether or not a Business Day) immediately preceding an Interest Payment Date.

“Redemption Price” shall mean, with respect to any Series 2025A Bond, the principal amount thereof, plus the applicable premium, if any, payable upon redemption thereof pursuant to such Series 2025A Bond or the Indentures.

“Regulations” means the applicable proposed, temporary or final Treasury Regulations promulgated under the Code or, to the extent applicable to the Code, under the Internal Revenue Code of 1954, as such regulations may be amended or supplemented from time to time.

“Replacement Proceeds” has the meaning set forth in Section 1.148-1(c) of the Regulations and, generally, consist of amounts that have a sufficiently direct nexus to an issue of obligations or the governmental purpose of an issue of obligations to conclude that the amounts would have been used for that governmental purpose if the Proceeds were not used or to be used for that governmental purpose.

“Representative” shall mean Jefferies LLC.

“Revenues” shall mean in addition to those items defined as such in the Indenture, all amounts paid or required to be paid from time to time on the 2025A Mortgage Certificates, including any payments received from Ginnie Mae pursuant to the Ginnie Mae Certificates, all Mortgage Loan Principal Payments representing the same, all prepayment premiums or penalties

received by or on behalf of the Department in respect of the 2025A Mortgage Certificates and all other net proceeds of such 2025A Mortgage Certificates.

“RHS” shall mean the United States Department of Agriculture, Rural Housing Service, formerly known as Farmers Home Administration, or any successor thereto.

“Sale Proceeds” has the meaning set forth in Section 1.148-1(b) of the Regulations and, generally, consist of any amounts actually or constructively received from the sale (or other disposition) of any obligation, including amounts used to pay underwriters’ discount or compensation and accrued interest other than pre-issuance accrued interest. Sale Proceeds also include amounts derived from the sale of a right that is associated with any obligation and that is described in Section 1.148-4(b)(4) of the Regulations.

“Series 2025A Bonds” has the meaning given to such term in the recitals hereto.

“Servicer” shall mean (i) IHFA, or any successor thereto as servicer for the Program, including any designee to act as subservicer on its behalf; and (ii) any additional servicer for the Program as selected by the Department.

“Servicing Agreement” shall mean (i) with respect to IHFA, the Mortgage Acquisition, Pooling and Servicing Agreement dated as of October 1, 2021, by and between the Department and IHFA, as amended pursuant to that certain First Addendum to Mortgage Acquisition, Pooling and Servicing Agreement dated as of June 1, 2023; and (ii) with respect to any additional servicer, the servicing agreement executed by the Department and such servicer, in any case together with any amendments thereto.

“Sinking Fund Installment” means the principal amount of the Series 2025A Bonds subject to scheduled mandatory redemption on the respective redemption dates set forth in Section 2.7(d) hereof.

“State” shall mean the State of Texas.

“Subaccount” or “Subaccounts” shall mean any one or more, as the case may be, of the special subaccounts pertaining to the Series 2025A Bonds created in certain Accounts pursuant to Section 2.9 hereof.

“Tax Bond Year” shall mean each one-year period that ends at the close of business on the day selected by the Department. The first and last Tax Bond Years may be short periods. If no day is selected by the Department before the earlier of the date the last Series 2025A Bond is discharged or the date that is five years after the Issuance Date, Tax Bond Years end on each anniversary of the Issuance Date and on the date the last Series 2025A Bond is discharged.

“Transferred Proceeds” shall mean the amounts described in Section 1.148-9 of the Regulations.

“2025A Administrative Subaccount” shall mean the 2025A Administrative Subaccount established within the 2025A Mortgage Loan Account pursuant to Section 2.9(1)(c)(2) hereof.

“2025A Bond Proceeds Fund” shall mean the 2025A Bond Proceeds Fund established pursuant to Section 2.9(1)(a) hereof.

“2025A Capitalized Interest Subaccount” shall mean the 2025A Capitalized Interest Subaccount established within the 2025A Revenue Account pursuant to Section 2.9(1)(d) hereof.

“2025A Cost of Issuance Account” shall mean the 2025A Costs of Issuance Account established within the Cost of Issuance Fund pursuant to Section 2.9 hereof.

“2025A Cumulative Applicable Amount” shall mean the amounts expressed on a cumulative basis in each of the monthly periods ending on the dates set forth in the table of 2025A Cumulative Applicable Amounts set forth in Exhibit C hereto (subject to adjustments as described below). Any special redemption of the Series 2025A Bonds from unexpended Proceeds pursuant to Section 2.7(a) hereof, other than a De Minimis Special Redemption, will reduce the 2025A Cumulative Applicable Amount for the Series 2025A Bonds for the current and each future monthly period on a proportionate basis. Thereafter, the 2025A Cumulative Applicable Amount shall be the remaining balance, if any, of the 2025A Cumulative Applicable Amount as adjusted from prior periods.

“2025A Down Payment Assistance Subaccount” shall mean the 2025A Down Payment Assistance Subaccount established within the 2025A Mortgage Loan Account pursuant to Section 2.9(1)(c)(1) hereof.

“2025A Expense Account” shall mean the 2025A Expense Account established within the Expense Fund pursuant to Section 2.9 hereof.

“2025A Interest Account” shall mean the 2025A Interest Account established within the Interest Fund pursuant to Section 2.9 hereof.

“2025A Mortgage Certificates” shall mean Ginnie Mae Certificates that evidence beneficial ownership of and a participation in a Mortgage Pool, that satisfy the requirements of Section 2.15 hereof and are pledged by the Department to the Trustee pursuant to the Indenture and this 2025A Series Supplement as described in any Letter of Instructions to the Trustee described in Section 2.15(2) hereof.

“2025A Mortgage Loan Account” shall mean the 2025A Mortgage Loan Account established within the Mortgage Loan Fund pursuant to Section 2.9 hereof.

“2025A Mortgage Loans” shall mean the Mortgage Loans included in each Mortgage Pool represented by a 2025A Mortgage Certificate.

“2025A Principal Account” shall mean the 2025A Principal Account established within the Principal Fund pursuant to Section 2.9 hereof.

“2025A Rebate Fund” shall mean the 2025A Rebate Fund established pursuant to Section 2.9(1)(b) hereof.

“2025A Residual Revenues Account” shall mean the 2025A Residual Revenues Account established within the Residual Revenues Fund pursuant to Section 2.9 hereof.

“2025A Revenue Account” shall mean the 2025A Revenue Account established within the Revenue Fund pursuant to Section 2.9 hereof.

“2025A Series Supplement” has the meaning given to such term in the recitals hereto.

“2025A Special Redemption Account” shall mean the 2025A Special Redemption Account established within the Special Redemption Fund pursuant to Section 2.9 hereof.

“Underwriters” shall mean the Representative and the other underwriters named on the schedule attached to the Purchase Agreement.

“Yield” shall mean (i) with respect to the Series 2025A Bonds, yield as determined in accordance with Section 143(g)(2)(C) of the Code and (ii) with respect to the 2025A Mortgage Loans, the effective rate of mortgage interest as determined in accordance with Section 143(g)(2)(B) of the Code.

Section 1.3. Authority for This 2025A Series Supplement. This 2025A Series Supplement is adopted pursuant to the provisions of the Act and the Indenture, particularly Section 1002(1) thereof.

Section 1.4. Rules of Construction.

- (a) For all purposes of this 2025A Series Supplement unless the context requires otherwise, all references to designated Articles, Sections and other subdivisions are to the articles, sections and other subdivisions of this 2025A Series Supplement.
- (b) Except where the context otherwise requires, terms defined in this 2025A Series Supplement to impart the singular number shall be considered to include the plural number and vice versa.
- (c) Unless the context requires otherwise, words of the masculine gender shall be construed to include correlative words of the feminine and neuter genders and vice versa.
- (d) This 2025A Series Supplement and all the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein and to sustain the validity of this 2025A Series Supplement and the Indenture which it supplements.

Section 1.5. Interpretation. The Table of Contents, titles and headings of the Articles and Sections of this 2025A Series Supplement have been inserted for convenience of reference only and are not to be considered a part hereof and shall not in any way modify or restrict the terms of provisions hereof.

Section 1.6. Effect of Headings and Table of Contents. The Article and Section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

Section 1.7. Indenture to Remain in Force. Except as amended by this 2025A Series Supplement, the Indenture shall remain in full force and effect as to the matters covered therein.

Section 1.8. Successors and Assigns. All covenants and agreements in this 2025A Series Supplement by the Department and the Trustee shall bind their respective successors and assigns, whether so expressed or not.

Section 1.9. Separability Clause. In case any provision in this 2025A Series Supplement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 1.10. Benefits of This 2025A Series Supplement. Nothing in this 2025A Series Supplement or in the Bonds, express or implied, shall give to any Person, other than the parties hereto, their successors hereunder, and the Holders of Bonds any benefit or any legal or equitable right, remedy or claim under this 2025A Series Supplement.

Section 1.11. Governing Law. This 2025A Series Supplement shall be construed in accordance with and governed by the laws of the State.

Section 1.12. Miscellaneous. Every “request,” “order,” “demand,” “application,” “notice,” “statement,” “certificate,” “consent,” “instruction,” or similar action hereunder shall, unless the form thereof is specifically provided herein, be in writing, and in the case of the Department signed by an Authorized Representative of the Department or in the case of any other Person signed by its President or Vice President, or other officer serving in similar capacities specifically authorized to execute such writing on behalf of any other Person, as the case may be.

Section 1.13. Granting Clause. In order to secure the payment of the principal of, premium, if any, and interest on the Bonds as the same become due and payable, whether at maturity or by prior redemption, and the performance and observance of all of the covenants and conditions herein contained, and in consideration of the premises, the acceptance by the Trustee of the trust hereby created, the purchase and acceptance of the Bonds by the holders thereof and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Department does hereby GRANT, BARGAIN, CONVEY, ASSIGN, MORTGAGE, and PLEDGE to the Trustee and its successors in trust hereunder all rights, title and interest of the Department now owned or hereafter acquired in and to the DPA Loans and the 2025A Mortgage Certificates, all amounts that may be received with respect to the DPA Loans and the 2025A Mortgage Certificates and the Ginnie Mae Guaranty Agreement, any right of the Department under any Ginnie Mae Guaranty Agreement with respect to the 2025A Mortgage Certificates held under the Indenture, including any amendments, extensions, or renewals of the terms thereof, including, without limitation, all present and future rights of the Department to make claim for, collect and receive any income, revenues, issues, profits, insurance proceeds and other sums of money payable to the account of or receivable by the Department under the DPA Loans and the 2025A Mortgage Certificates, to bring actions and proceedings under the DPA Loans and the 2025A Mortgage Certificates, or for the enforcement thereof, and to do any and all things which the Department is or may become entitled to do under the 2025A Mortgage Certificates, and the holders of the Bonds are by such pledge and assignment afforded a beneficial interest in such DPA Loans and the 2025A Mortgage Certificates.

ARTICLE II

AUTHORIZATION AND TERMS OF SERIES 2025A BONDS

Section 2.1. Authorization, Original Principal Amount, Designation, and Series. In accordance with and subject to the terms, conditions, and limitations established in the Indenture and this 2025A Series Supplement, a Series of Bonds is hereby authorized to be issued in the original aggregate principal amount of \$[2025A PAR]. Each Bond of this Series of Bonds shall be entitled “Texas Department of Housing and Community Affairs Residential Mortgage Revenue Bond, Series 2025A.” The terms of the Series 2025A Bonds shall be as set forth in Article III of the Indenture and this Article II.

Section 2.2. Purposes. The Series 2025A Bonds are issued in accordance with subsection 1(3)(b) of Section 302 of the Indenture for the purpose of acquiring Mortgage Loans, or participations therein, through the purchase of the 2025A Mortgage Certificates, including providing down payment and closing cost assistance with respect to Assisted Mortgage Loans, paying lender compensation related to the 2025A Mortgage Loans and paying costs of issuance.

Section 2.3. Registered Bonds Only, Dates, Denominations, Numbers, and Letters.

- (a) The Series 2025A Bonds shall be issuable only in the form of fully registered bonds without coupons and may not be exchanged into coupon bonds. The Initial Bond shall be registered to the Representative.
- (b) The Series 2025A Bonds shall be dated as of the date of authentication thereof by the Trustee, unless such date of authentication shall be an Interest Payment Date, in which case they shall be dated as of such Interest Payment Date; provided, however, that if the date of authentication shall be prior to the first Interest Payment Date or in the case of the Initial Bond, the Series 2025A Bonds shall be dated as of the Issuance Date.
- (c) The Series 2025A Bonds shall be issued in the Authorized Denominations.
- (d) Unless the Department shall direct otherwise, each Series 2025A Bond within a maturity of the Series 2025A Bonds shall be lettered and numbered separately from 00001 upward prefixed by the letters RA, the letters Ja or Ju depending on whether the maturity is January or July, and the last two digits of the year of maturity, provided that the Initial Bond shall be numbered TRA-1.

Section 2.4. Interest Payment Dates, Interest Rates and Maturities of the Series 2025A Bonds. The Series 2025A Bonds shall bear interest from the date thereof until maturity or prior redemption at the respective rates per annum set forth below. Interest on the Series 2025A Bonds shall be calculated on the basis of a 360-day year composed of twelve 30-day months, payable on each Interest Payment Date until maturity or prior redemption. The Series 2025A Bonds shall mature and become payable on the dates and in the respective principal amounts set forth below, subject to prior redemption in accordance with Section 2.7 hereof and Article IV of the Indenture:

Maturity Date

Principal Amount (\$)

Interest Rate

Section 2.5. Paying Agent; Method and Place of Payment.

- (a) The Trustee is hereby appointed as Paying Agent for the Series 2025A Bonds and the Trustee hereby accepts such appointment. The principal amount and Redemption Price of the Series 2025A Bonds shall be payable upon the presentation and surrender thereof, as the same respectively become due and payable, at the applicable office of the Trustee. For purposes of this Section, “applicable office” shall mean the Trustee’s office presently located in Houston, Texas (or such other office designated by the Trustee) which will be utilized to perform payments and transfers with respect to the Bonds. The interest on each Series 2025A Bond shall be payable by check mailed on the Interest Payment Date to the Person in whose name such Series 2025A Bond is registered at the close of business on the Record Date immediately preceding the applicable Interest Payment Date, at the address of such Person as shown on the Bond registration books kept by the Trustee. The principal amount and Redemption Price of and interest on the Series 2025A Bonds shall also be payable at any other place that may be provided for such payment by the appointment of any other Paying Agent for the Series 2025A Bonds as permitted by the Indenture.
- (b) Notwithstanding the foregoing, for so long as the Bond Depository is the exclusive Holder of the Series 2025A Bonds and for Holders of not less than \$1,000,000 in aggregate principal amount of the Series 2025A Bonds, and except for the final payment of principal of the Series 2025A Bonds at maturity, the principal amount, Redemption Price thereof and the interest thereon shall be payable by wire transfer in immediately available federal funds to the Bond Depository or such Holders to an account in the continental United States without the necessity of any immediate presentation and surrender of Series 2025A Bonds pursuant to written instructions from the Holder, or the Letter of Representations, as the case may be.

Section 2.6. Bond Depository; Book-Entry System.

- (a) Pursuant to Section 913 of the Indenture, the Department hereby appoints The Depository Trust Company, New York, New York, as Bond Depository for the Series 2025A Bonds. In accordance with the Letter of Representations, the Department shall cause the Series 2025A Bonds (other than the Initial Bond) to be registered in the name

of Cede & Co., as nominee for the Bond Depository, and to be delivered on the Issuance Date to the Trustee to be held on behalf of the Bond Depository.

- (b) With respect to Series 2025A Bonds registered in the Bond registration books of the Department required to be maintained by the Trustee pursuant to Section 310 of the Indenture in the name of Cede & Co. or any successor Bond Depository, or a nominee therefor, the Department and the Trustee shall have no responsibility or obligation to any Depository Participant or to any Person on behalf of whom such Depository Participant holds an interest in Series 2025A Bonds. The Department and the Trustee may treat and consider the registered owner of any Series 2025A Bond as the holder and absolute owner of such Series 2025A Bond for the purpose of payment of the principal and Redemption Price of and interest with respect to such Series 2025A Bond, for the purpose of giving notices of redemption and other matters with respect to such Series 2025A Bond, for the purpose of registering transfers and exchanges with respect to such Series 2025A Bond, and for all other purposes whatsoever. The Trustee shall pay all the principal amount and Redemption Price of and interest on the Series 2025A Bonds only to or upon the order of the respective registered owners of the Series 2025A Bonds and all such payments shall be valid and effective with respect to such payments to the extent of the sum or sums so paid. The Department and the Trustee shall have no responsibility or obligation with respect to (i) the accuracy of the records of The Depository Trust Company, any successor Bond Depository or any Depository Participant with respect to any ownership interest in Series 2025A Bonds, (ii) the delivery to any Depository Participant or any other Person, other than a registered owner of a Series 2025A Bond as shown in the Bond registration books required to be kept and maintained pursuant to Section 310 of the Indenture, of any notice with respect to the Series 2025A Bonds, including any notice of redemption, or (iii) the payment to any Depository Participant or any other Person, other than a registered owner of a Series 2025A Bond, of any amount with respect to any Series 2025A Bond. The rights of Depository Participants and Persons on behalf of whom any Depository Participant holds a beneficial interest in Series 2025A Bonds shall be limited to those established by law and agreements between such Depository Participants and other Persons and the applicable Bond Depository.
- (c) In the event that either (i) the Bond Depository that is, directly or through a nominee, the registered owner of all of the Outstanding Series 2025A Bonds notifies the Trustee and the Department that it is no longer willing or able to discharge its responsibilities as a Bond Depository or (ii) the Department determines that continuance of the existing book-entry system for ownership of interests in the Series 2025A Bonds is not in the best interest of such owners of beneficial interests in the Series 2025A Bonds, then the Department shall direct the Bond Depository to terminate the existing book-entry system for ownership of interests in the Series 2025A Bonds. Upon such termination, the Department shall promptly select a substitute Bond Depository (and shall notify the Trustee in writing of such selection) to provide a system of book-entry ownership of beneficial interests in the Series 2025A Bonds, if one is available satisfactory to the Department, and the ownership of all Series 2025A Bonds shall be transferred on the Bond registration books required to be kept and maintained pursuant to Section 310 of the Indenture to such successor Bond Depository, or its nominee. In the alternative, the

Department may direct the Trustee to, and if the Department fails to promptly designate a successor Bond Depository the Trustee, without further direction, shall, notify the Depository Participants, through the Bond Depository for the Series 2025A Bonds, of the availability of Series 2025A Bonds registered in the names of such Persons as are owners of beneficial interests in the Series 2025A Bonds and, upon surrender to the Trustee of the Outstanding Series 2025A Bonds held by the Bond Depository, accompanied by registration instructions from the Bond Depository, the Trustee shall, at the expense of the transferees, cause to be printed and authenticated Series 2025A Bonds, in Authorized Denominations, to the owners of beneficial interests in the Series 2025A Bonds as of the date of the termination of the existing book-entry ownership system for the Series 2025A Bonds. Neither the Department nor the Trustee shall be liable for any delay in delivery of such instructions and may conclusively rely on, and shall be protected in relying upon, such instructions. So long as the Department has designated a Bond Depository to provide a system of book-entry ownership of the Series 2025A Bonds, all of the Series 2025A Bonds must be held under such book-entry system. Prior to any transfer of the Series 2025A Bonds outside the book-entry system (including, but not limited to, any initial transfer outside the book-entry system) the Department, Bond Depository, or the transferor of a Series 2025A Bond shall provide or cause to be provided to the Trustee all information necessary to allow the Trustee to comply with any applicable tax reporting obligations, including without limitation any cost basis reporting obligations under Internal Revenue Code Section 6045, as amended. The Trustee shall conclusively rely on the information provided to it and shall have no responsibility to verify or ensure the accuracy of such information.

- (d) Notwithstanding any other provisions in Article II of this 2025A Series Supplement, the Department and the Trustee may, but shall not be required to, enter into separate agreements with one or more Bond Depositories which may provide for alternative or additional provisions with respect to the delivery of notices, payment of interest and/or principal, or any other matters.

Section 2.7. Redemption Prices and Terms. The Series 2025A Bonds shall not be subject to redemption prior to maturity except as follows:

- (a) Special Redemption from Unexpended Proceeds. The Series 2025A Bonds are subject to special redemption from amounts transferred to the 2025A Special Redemption Account in accordance with Section 5.2 hereof, at any time, prior to their stated maturities, in whole or in part. The Redemption Price of the Series 2025A Bonds to be so redeemed pursuant to this Section 2.7(a) shall be equal to (a) for all Series 2025A Bonds, other than the Premium Serial Bonds, the Premium Term Bonds and the Premium PAC Term Bond, 100% of the principal amount thereof; and (b) for the Premium Serial Bonds, the Premium Term Bonds and the Premium PAC Term Bond, the applicable Redemption Price, as set forth in Exhibit D hereto; plus in any case accrued interest thereon to, but not including, the date of redemption; except that a De Minimis Special Redemption shall be treated as a Special Redemption from Mortgage Loan Principal Payments and such portion of the Series 2025A Bonds shall be redeemed in accordance with Section 2.7(b) hereof.

Such redemption shall occur on the first day of any month on or after [_____], unless the Certificate Purchase Period is extended in accordance with this 2025A Series Supplement. In no event will the redemption occur later than [August 1, 2028].

Except for the De Minimis Special Redemption, the Series 2025A Bonds to be redeemed in accordance with this subsection shall be selected by the Trustee on a pro rata basis among all maturities unless otherwise directed by the Department pursuant to a Letter of Instructions accompanied by a Cashflow Certificate.

- (b) Special Redemption from Mortgage Loan Principal Payments. The Series 2025A Bonds, other than the Premium Serial Bonds, are subject to redemption prior to maturity and shall be redeemed, in whole or in part, from time to time on the first day of any month on or after [_____], after giving notice as provided in Section 2.8 hereof, at a Redemption Price equal to 100% of the principal amount of the Series 2025A Bonds or portions thereof to be redeemed, plus accrued interest to, but not including, the redemption date, from certain amounts relating to Mortgage Loan Principal Payments from the 2025A Mortgage Certificates transferred to the 2025A Special Redemption Account in accordance with clauses (iii) and (iv) of Section 5.3(b) hereof.

In the event of a redemption pursuant to this Section 2.7(b) from Mortgage Loan Principal Payments relating to the 2025A Mortgage Certificates, the Trustee shall select the particular Series 2025A Bonds to be redeemed as follows:

- (i) the Trustee shall redeem the Premium PAC Term Bond, but only to the extent that the Outstanding principal amount of such Premium PAC Term Bond following any such redemption is not less than the Premium PAC Term Bond Outstanding Applicable Amount as of such date;
- (ii) amounts remaining following the redemptions described in clause (i) above shall be applied, unless otherwise directed by a Letter of Instructions accompanied by a Cashflow Certificate, (a) first to redeem the Series 2025A Bond maturing [_____], and (b) thereafter, to redeem all other Series 2025A Bonds (other than the Premium PAC Term Bond and the Premium Serial Bonds), including the Premium Term Bonds, on a proportionate basis until the Outstanding principal amount of all Series 2025A Bonds has been reduced to the 2025A Cumulative Applicable Amount as of such date;
- (iii) amounts remaining following the redemptions described in clauses (i) and (ii) above shall be applied monthly, unless otherwise directed by a Letter of Instructions accompanied by a Cashflow Certificate, to redeem all Series 2025A Bonds, excluding the Premium Serial Bonds, but including the Premium PAC Term Bond and the Premium Term Bonds, on a proportionate basis after taking into account the amounts applied to redeem the Series 2025A Bonds pursuant to the above-described redemptions.

Any special redemption of the Series 2025A Bonds pursuant to Section 2.7(a) hereof (other than a De Minimis Special Redemption), will reduce the Premium PAC Term Bond Outstanding

Applicable Amount and the 2025A Cumulative Applicable Amount for the current and each future monthly period on a proportionate basis.

- (c) Special Redemption from Excess Revenues. The Series 2025A Bonds, other than the Premium Serial Bonds, are subject to redemption prior to maturity and may be redeemed, in whole or in part, from time to time on the first day of any month on or after [_____], after giving notice as provided in Section 2.8 hereof and in accordance with a Letter of Instructions, at a Redemption Price equal to 100% of the principal amount of such Series 2025A Bonds or portions thereof to be redeemed, plus accrued interest to but not including the redemption date, from amounts transferred to the 2025A Special Redemption Account from the Residual Revenues Fund in accordance with Section 5.4 hereof (including revenues whether or not derived in connection with the Series 2025A Bonds).

In the event of a redemption pursuant to this Section 2.7(c) from excess Revenues, the Trustee shall apply amounts transferred to the 2025A Special Redemption Account from the Residual Revenues Fund in accordance with Section 5.4 to redeem the Series 2025A Bonds Outstanding in the same manner provided in clauses (i) and (ii) under Section 2.7.2, unless otherwise instructed by the Department pursuant to a Letter of Instructions accompanied by a Cashflow Certificate.

- (d) Scheduled Mandatory Redemption. The Series 2025A Bonds maturing on the respective dates specified below are subject to scheduled mandatory redemption prior to maturity and shall be redeemed, after giving notice as provided in Article IV of the Indenture, in the aggregate principal amounts and on the dates set forth in the following tables, at a Redemption Price equal to 100% of the principal amount of such Series 2025A Bonds or portions thereof to be redeemed, plus accrued interest, if any, to, but not including, the redemption date, from amounts that have been transferred to the 2025A Principal Account from the 2025A Revenue Account.

\$[_____] Term Bond maturing [_____]

Redemption Date	Principal Amount (\$)	Redemption Date	Principal Amount (\$)
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* Stated Maturity

\$[_____] Term Bond maturing [_____]

<u>Redemption Date</u>	<u>Principal Amount (\$)</u>	<u>Redemption Date</u>	<u>Principal Amount</u>
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* Stated Maturity

\$[_____] Premium Term Bond maturing [_____]

<u>Redemption Date</u>	<u>Principal Amount (\$)</u>	<u>Redemption Date</u>	<u>Principal Amount (\$)</u>
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* Stated Maturity

\$[_____] Premium Term Bond maturing [_____]

<u>Redemption Date</u>	<u>Principal Amount (\$)</u>	<u>Redemption Date</u>	<u>Principal Amount (\$)</u>
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* Stated Maturity

[Remainder of page left intentionally blank.]

\$[_____] Premium PAC Term Bond maturing [_____]

<u>Redemption Date</u>	<u>Principal Amount (\$)</u>	<u>Redemption Date</u>	<u>Principal Amount (\$)</u>
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* Stated Maturity

The principal amount of the Series 2025A Bonds to be redeemed on each such redemption date pursuant to mandatory sinking fund redemption shall be reduced by the principal amount of any Series 2025A Bonds having the same stated maturity and interest rate, which (A) at least 45 days prior to such mandatory sinking fund redemption date, (1) shall have been acquired by the Department and delivered to the Trustee for cancellation, or (2) shall have been acquired and canceled by the Trustee at the direction of the Department, or (3) shall have been redeemed other than pursuant to mandatory sinking fund redemption, and (B) shall have not been previously credited against a scheduled mandatory sinking fund redemption.

- (e) Optional Redemption. The Series 2025A Bonds (except for the Premium PAC Term Bond) maturing on or after [_____], are subject to redemption prior to maturity, in whole or in part, at any time and from time to time on and after the Optional Redemption Date at the option of the Department after giving notice as provided in Section 2.8 hereof, at a Redemption Price equal to 100% of the principal amount of such Series 2025A Bonds or portions thereof to be redeemed, plus accrued interest, if any, to, but not including, the redemption date.

The Premium PAC Term Bond is subject to redemption prior to maturity, in whole or in part at any time and from time to time, on and after the Optional Redemption Date, at the option of the Department after giving notice as provided in Section 2.8 hereof, at the Redemption Prices set forth below (expressed as a percentage of the principal amount to be redeemed), in each case together with interest accrued thereon to, but not including, the redemption date:

<u>Redemption Date</u>	<u>Redemption Price</u>
	100.000%

and thereafter

If the Premium PAC Term Bond is redeemed on a date other than a redemption date listed above, the Redemption Price, as of such redemption date, will be determined by the Department using straight-line interpolation between the Redemption Prices for the redemption dates listed above immediately preceding and succeeding such redemption date.

At least 45 days prior to any redemption date described in this Section 2.7, or such later date as the Trustee will accept, the Department shall give a Letter of Instructions to the Trustee

accompanied by a Cashflow Certificate specifying the principal amount of Series 2025A Bonds to be redeemed and the date of such redemption and identifying the Series 2025A Bonds by the maturity date and interest rate of such Series 2025A Bonds and the source of funds to be utilized to redeem such Series 2025A Bonds.

Section 2.8. Notice of Redemption; Selection of Series 2025A Bonds to Be Redeemed.

- (a) Subject to Section 2.6 hereof, notice of the call for any redemption other than pursuant to Section 2.7.1 hereof, identifying the Series 2025A Bonds or portions thereof to be redeemed, shall be given by the Trustee as provided in Section 405 of the Indenture. If applicable, such notice shall provide that redemption of the Series 2025A Bonds is conditioned upon moneys being available for such purpose on the redemption date.
- (b) Any notice given as provided in this Section shall be conclusively presumed to have been duly given, whether or not the registered owner of such Series 2025A Bonds receives the notice.
- (c) Except as specified in Section 2.7(2) and Section 2.7(3) hereof, the Series 2025A Bonds to be redeemed in part shall be selected as provided in Section 404 of the Indenture. While the Series 2025A Bonds are held by the Bond Depository, Series 2025A Bonds shall be selected for redemption as described in Section 2.6 hereof.

Section 2.9. Creation of Additional Funds, Accounts and Subaccounts and Application Thereof.

- (a) Pursuant to the provisions of subsection 3 of Section 502 of the Indenture, there is established by this Section 2.9 for the Series 2025A Bonds an Account in each Fund, except for the Debt Service Reserve Account and the Mortgage Reserve Fund, established by subsection 1 of Section 502 of the Indenture. Each such Account shall be known and designated as the “2025A _____ Account”, with the blank containing an appropriate reference to the Fund to which such Account relates. In addition, there are hereby established for the Series 2025A Bonds the following additional Funds, Accounts and Subaccounts:
 - (a) a temporary Fund to be known and designated as the 2025A Bond Proceeds Fund;
 - (b) a Fund to be known and designated as the 2025A Rebate Fund;
 - (c) within the 2025A Mortgage Loan Account, a (1) 2025A Down Payment Assistance Subaccount; and (2) 2025A Administrative Subaccount; and
 - (d) within the 2025A Revenue Account, a 2025A Capitalized Interest Subaccount.
- (b) Unless an Event of Default shall have occurred and be continuing, Revenues from the 2025A Mortgage Certificates or from the investment or reinvestment of moneys on deposit in each Account for the Series 2025A Bonds shall be kept separate and apart from the Revenues attributable to other Mortgage Certificates or attributable to the investment and reinvestment of the moneys on deposit under the Indenture with respect

(ii) The first paragraph shall be replaced with the following:

The TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (herein called the “Department”), a public and official agency of the State of Texas, acknowledges itself indebted to, and FOR VALUE RECEIVED, hereby promises to pay to the registered owner named above or registered assigns, but solely from the sources and in the manner hereinafter provided, on the maturity date specified below, unless redeemed prior thereto as hereinafter provided, the principal amount set forth above in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts, and to pay interest on such principal sum to the registered owner hereof in like coin or currency from the Issuance Date of this Bond or from the most recent date to which interest on this Bond (or any Bond in exchange for, or in lieu of, which this Bond was issued), has been paid at the interest rates per annum set forth below, calculated on the basis of a 360-day year composed of twelve 30-day months, payable on [July 1, 2025], and each [January 1] and [July 1] thereafter (each, an “Interest Payment Date”) to the date of maturity or earlier redemption, until the Department’s obligation with respect to the payment of such principal amount shall be discharged, in accordance with the following schedule:

<u>Maturity Date</u>	<u>Principal Amount (\$)</u>	<u>Interest Rate</u>
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The principal amount or Redemption Price of this Bond shall be payable upon presentation and surrender of this Bond, at the applicable office of The Bank of New York Mellon Trust Company, N.A. (such bank and any successor in such capacity being referred to as the “Trustee”). Notwithstanding the foregoing, in no event shall the cumulative amount of interest paid or payable on any Bond (including interest calculated as provided in the Indentures (as defined below), together with all other amounts that constitute interest on the Bonds under the laws of the State of Texas that are contracted for, charged, reserved, taken or received pursuant to the Indentures) through any Interest Payment Date or through the date of payment of such Bond (whether at maturity, by acceleration or upon earlier redemption) exceed the “net interest cost” that will produce a “net effective interest rate” of greater than 15% per annum or, to the extent allowed by law, such greater “net effective interest rate” as may be allowed from time to time. The terms “net interest cost” and “net effective interest rate,” as used herein, shall have the respective meanings ascribed to them in Chapter 1204, Texas Government Code, as amended.

Section 2.12. 2025A Rebate Fund.

(a) At the beginning of each Tax Bond Year, the Department shall calculate the estimated Rebate Amount that will be payable on the next occurring Computation Date, as set forth in Section 4.6.1(ii). In calculating the Rebate Amount, the Department may rely upon a Counsel’s Opinion or an opinion of a Rebate Analyst that the method of calculation utilized by the Department complies with the requirements of Section 148 of the Code and Section 1.148-3 of the Regulations. If, in making such calculations, the Department determines that there is an insufficient amount currently on deposit in the 2025A Rebate Fund to make the payment required by Section 4.6(a)(ii) hereof, then

- the Department shall (i) immediately transfer the amount of such deficiency from any other account in the Expense Fund or (ii) instruct the Trustee to transfer such amount to the 2025A Rebate Fund from the Revenue Fund and the Trustee shall transfer from the 2025A Revenue Account to the 2025A Rebate Fund the amounts so specified, all in accordance with Section 505 of the Indenture. If, in making such calculations, the Department determines that there is a negative Rebate Amount, then the Department may direct the Trustee in writing to transfer from the 2025A Rebate Fund to the 2025A Revenue Account the amount then on deposit in the 2025A Rebate Fund.
- (b) All earnings resulting from the investment of amounts on deposit in the 2025A Rebate Fund shall be credited to the 2025A Rebate Fund.
 - (c) No later than 55 day after each Computation Date for the Series 2025A Bonds, the Department shall deliver the items set forth in Section 4.6.1 to the Trustee. Not later than 60 days after each Computation Date for the Series 2025A Bonds, the Trustee shall withdraw from the 2025A Rebate Fund the amounts described in Section 4.6(a)(ii) hereof and remit to the United States of America the amounts required to be paid to the United States of America in accordance with written instructions from the Department, which shall be in compliance with Sections 1.148-1 through 1.148-8 of the Regulations or any successor regulation.
 - (d) If the Department discovers or is notified that any amount due to the United States of America in an amount described in Section 4.6.1(ii) has not been paid to the United States of America pursuant hereto as required or that any payment paid to the United States of America pursuant hereto has failed to satisfy any requirement of Section 148(f) of the Code or Section 1.148-3 of the Regulations (whether or not such failure shall be due to any default by the Department or the Trustee), the Department, shall immediate transfer any amounts due as set forth in Section 4.6.2 and shall deliver to the Trustee any documents required pursuant to Section 4.6.2. Upon receipt of such amount and documentation relating thereto, the Trustee shall withdraw from the 2025A Rebate Fund the amounts described in Section 4.6.2 and remit to the United States of America the amounts required to be paid in accordance with written instructions from the Department, which shall be in compliance with Regulations Sections 1.148-1 through 1.148-8 or any successor regulation.
 - (e) Each payment required to be made to the United States of America pursuant to this Section shall be submitted to the Internal Revenue Service Center, Philadelphia, Pennsylvania 19255 or such other address as provided by law or regulation and shall be accompanied by Internal Revenue Service Form 8038-T properly completed by the Department with respect to the Series 2025A Bonds.

Section 2.13. Transfers from 2025A Residual Revenues Account. Unless otherwise directed pursuant to a Letter of Instructions accompanied by a Cashflow Certificate, on each Interest Payment Date and each date fixed for the redemption of the Series 2025A Bonds, to the extent funds are not available in the 2025A Revenue Account to pay interest or principal due on the Series 2025A Bonds, the Trustee shall transfer from the 2025A Residual Revenues Account to the 2025A Interest Account or the 2025A Principal Account an amount which, when added to any

amounts already on deposit therein, will equal the amount of interest and principal to become due and payable on the Series 2025A Bonds on such date.

Section 2.14. 2025A Mortgage Loan Account. The 2025A Mortgage Loan Account established pursuant to Section 2.9 hereof shall be credited with all amounts deposited therein from whatever source. The amounts in such Account shall be used to purchase, on each Certificate Purchase Date within the Certificate Purchase Period, the 2025A Mortgage Certificate. On [_____], unless the Certificate Purchase Period is extended in accordance with Section 5.2 hereof, unexpended proceeds of the Series 2025A Bonds shall be transferred from 2025A Mortgage Loan Account to the 2025A Special Redemption Account in accordance with Section 2.7(a) hereof.

Section 2.15. 2025A Mortgage Certificate Acquisition.

- (a) The Department has determined that the Supplemental Mortgage Security for the 2025A Mortgage Loans shall be the guaranty of timely payment of principal and interest provided by Ginnie Mae pursuant to the Ginnie Mae Certificates. Accordingly, the purchase of the 2025A Mortgage Loans shall be accomplished through the purchase of Ginnie Mae Certificates in accordance with the Program Agreement, and no 2025A Mortgage Loan shall be eligible for purchase unless it has been included in a Mortgage Pool and the beneficial ownership thereof is represented by a 2025A Mortgage Certificate.
- (b) On each applicable Certificate Purchase Date and pursuant to a Letter of Instructions, the Trustee shall purchase Ginnie Mae Certificates at the Ginnie Mae Certificate Purchase Price from amounts available in the 2025A Mortgage Loan Account. The Department shall specify the allocation of the 2025A Mortgage Certificates to the Series 2025A Bonds in such Letter of Instructions. The Department shall deliver a copy of each such Letter of Instructions to the Compliance Agent.
- (c) Each 2025A Mortgage Certificate purchased shall bear interest at the applicable Pass-Through Rate. Ginnie Mae Certificates shall be accepted by the Trustee only if:
 - (i) The Ginnie Mae Certificates acquired by the Trustee on behalf of the Department shall be held at all times by the Trustee in trust for the benefit of the Bondholders and shall be registered in the name of the Trustee or its nominee or credited to the account of the Trustee at a clearing corporation as defined under and pursuant to the Uniform Commercial Code applicable to such corporation, which corporation shall be registered as a “Clearing Agency” pursuant to Section 17A of the Securities Exchange Act of 1934, as amended. For a Ginnie Mae Certificate that is in the form of a book-entry maintained on the records of the Participants Trust Corporation, or any successor depository institution (“PTC”) (“Book Entry Security”), the Trustee shall receive confirmation from PTC that PTC has made an appropriate entry in its records of the transfer of such Book Entry Security to a limited purpose account of the PTC Participant (defined below), and identifying such Book Entry Security as belonging to the Trustee, so that the Trustee at all times has a first priority perfected security interest in such Ginnie Mae Certificates. The “PTC Participant” (if not the Trustee) shall be a “financial intermediary”

(as defined in Section 8-313 of the Uniform Commercial Code as in effect in the state in which the Book Entry Security is deposited) which is a participant in PTC and which has a custody agreement with the Trustee with respect to the Ginnie Mae Certificate to be transferred as Book Entry Securities through PTC. In the custody agreement, the PTC Participant must agree (w) to act as agent of the Trustee for purposes of causing, upon instructions of the Trustee, the transfer of Book Entry Securities to the PTC account of the PTC Participant, (x) to issue to the Trustee confirmation of the transfer of each Book Entry Security to the PTC Participant, (y) to identify each such Book Entry Security in its records as belonging to the Trustee, and (z) to accept instructions only from the Trustee with respect to the transfer of such Book Entry Securities. The Ginnie Mae Certificate shall be identified on the records of the PTC Participant as being held by such PTC Participant solely and exclusively for the benefit of the Trustee. The PTC Participant shall send a confirmation to the Trustee of such transfer of the Ginnie Mae Certificate to the PTC Participant. The PTC Participant shall cause each Book Entry Security to be transferred to and held in a Limited Purpose Account (or such other account as may be created or identified in the PTC Rules (the "Rules") in which PTC does not have any lien on any Book Entry Security held therein). The Trustee shall have evidence that (xx) the receiving PTC Participant has delivered to PTC an irrevocable instruction to the effect that all fees arising in connection with the specified Limited Purpose Account are to be charged to another account maintained by PTC for the receiving PTC Participant, and (yy) PTC has delivered a certificate to the receiving PTC Participant to the effect that, based on the instruction regarding payment of PTC fees, PTC will not charge the specified Limited Purpose Account for so long as the instruction remains in effect. If the Trustee does not receive a payment or advice of payment on a Ginnie Mae Certificate when due (if the Ginnie Mae Certificates are held by the Trustee, on the fifteenth day of each month with regard to Ginnie Mae I Certificates, and twentieth day of each month with regard to Ginnie Mae II Certificates and if the Ginnie Mae Certificates are held by PTC, on the seventeenth day of each month with regard to Ginnie Mae I Certificates and twenty-second day of each month with regard to Ginnie Mae II Certificates), the Trustee shall promptly telephonically notify, and demand payment from Ginnie Mae, in the case of Ginnie Mae I Certificates, or Chemical Bank as paying agent for Ginnie Mae in the case of Ginnie Mae II Certificates. To the extent the Ginnie Mae Certificates are subject to book-entry transfer, the Trustee shall so notify PTC. Notwithstanding the foregoing, the Trustee shall comply with such procedures as are prescribed by Ginnie Mae from time to time; and

(ii) Sufficient amounts are available in the appropriate Accounts to pay the applicable Ginnie Mae Certificate Purchase Price.

ARTICLE III

RESERVED

ARTICLE IV

FEDERAL INCOME TAX MATTERS

Section 4.1. General Tax Covenant. The Department covenants not to take any action, or knowingly omit to take any action, within its control, that, if taken or omitted, respectively, would cause the interest on the Series 2025A Bonds to be includable in gross income for federal income tax purposes. In furtherance thereof, the Department covenants to comply with section 103 and 141, 143, and 146 through 150 of the Code and the provisions set forth in the Federal Tax Certificate executed by the Department in connection with the Series 2025A Bonds. The Department and the Trustee may amend this 2025A Series Supplement to reflect the deletion or substitution of any such requirement specified in this Article IV in the manner provided in Section 1002 of the Indenture. The Department will not be required to comply with any of the federal tax covenants set forth in this Article IV if the Department has received a Favorable Opinion of Bond Counsel regarding such noncompliance.

Section 4.2. Use of Proceeds. The Department covenants that (a) all of the Proceeds of the Series 2025A Bonds (other than amounts used to pay Costs of Issuance of the Series 2025A Bonds) will be used to finance owner-occupied residences; (b) the Proceeds of the Series 2025A Bonds will not be used in a way that would cause the Series 2025A Bonds to meet the private business use tests set forth in Section 141(b) of the Code; (c) all Proceeds of the Series 2025A Bonds that are to be used to finance owner-occupied residences (i) will be used for such purpose within the 42-month period beginning on the Issuance Date of the Series 2025A Bonds or (ii) to the extent not so used, will be used to redeem Series 2025A Bonds within such period; and (d) no portion of the Proceeds of the Series 2025A Bonds will be used to finance any 2025A Mortgage Loan or DPA Loan or to acquire any Mortgage Certificate after the close of such period.

Section 4.3. Mortgage Eligibility Requirements.

(a) The Department covenants: (i) to attempt in good faith to meet, with respect to each 2025A Mortgage Loan, before the execution thereof, the mortgage eligibility requirements of Section 143(c), (d), (e), (f) and (i) of the Code (as more fully described in subsections 2, 3, 4, 5 and 6, respectively, of this Section 4.3), by placing restrictions in the Program Agreement or other similar agreements that permit the origination and purchase of 2025A Mortgage Loans only in accordance with such requirements and by establishing reasonable procedures to ensure compliance with such requirements, including investigation by the Mortgage Lenders and the Servicer or the Department (or its agent) to determine that each 2025A Mortgage Loan meets such requirements; (ii) to use all due diligence to assure that all of the Proceeds of the Series 2025A Bonds that are applied to the financing of 2025A Mortgage Loans are applied to finance

2025A Mortgage Loans that, as of the date of execution thereof, meet all such requirements; and (iii) to correct any failure to meet such requirements within a reasonable period after such failure is first discovered by causing the non-qualifying 2025A Mortgage Loan to be accelerated or to be replaced with a 2025A Mortgage Loan that meets such requirements if the non-qualifying 2025A Mortgage Loan defect cannot be cured within such reasonable period. The Department covenants that each Mortgage Lender selected for participation in the Program that services Mortgage Loans under the Program shall be required to enter into an agreement or agreements containing, in addition to servicing requirements relating to the Mortgage Loans set forth in Section 710 of the Indenture, that each Mortgage Lender shall represent and warranty that it: (i) maintains an Office of Foreign Assets Control (“OFAC”) compliance program, and (ii) is responsible for and best positioned to conduct OFAC scanning of all relevant data with respect to the serviced portfolio (including borrower names/addresses) in accordance with its OFAC compliance program. As used herein, “OFAC compliance program” shall refer to those programs, policies, procedures and measures designed to ensure compliance with, and prevent violations of, all economic sanctions, laws, rules, regulations, executive orders and requirements administered by OFAC, or any other applicable authority with jurisdiction over such Mortgage Lender. Each Mortgage Lender shall agree to, among other things: (i) perform effective and timely OFAC scanning in accordance with such Mortgage Lender’s OFAC compliance program of all relevant data with respect to the portfolio of assets serviced pursuant to the Indenture; (ii) if a Borrower at any time becomes or is otherwise determined to be an OFAC sanctions target that requires blocking or rejection of a portfolio asset held by the Trustee under or in connection with the Indenture, take all actions required by OFAC regulations, including, without limitation (a) conducting all necessary investigations and communications with OFAC (including reporting) concerning the portfolio assets that such Mortgages Lender determines are subject to OFAC restrictions, (b) blocking the assets of any OFAC sanctions target in such portfolio serviced by such Mortgages Lender (including any related payments from the same), and (c) obtain any licenses from OFAC necessary for such Mortgage Lender and the Trustee to perform their respective services under the Indenture with respect to sanctioned assets and/or borrowers; and (iii) promptly provide notice in writing to the Trustee of any portfolio assets that such Mortgages Lender determines are subject to OFAC restrictions and consult with the Trustee on the action plan to handle those assets.

- (b) The Department covenants to require, and the Program Agreement requires, with respect to each 2025A Mortgage Loan, a certification of the Borrower and other appropriate evidence demonstrating that, in accordance with Section 143(c) of the Code, the residence being financed with the proceeds of such 2025A Mortgage Loan is a single-family residence located within the State that the Borrower reasonably expects to occupy as his or her principal residence within a reasonable time (e.g., 60 days) after the financing is provided.
- (c) The Department covenants to require, and the Program Agreement requires, with respect to each 2025A Mortgage Loan, a certification of the Borrower and other appropriate evidence demonstrating that, in accordance with Section 143(d) of the

- Code, the Borrower has not had, within the three-year period ending on the date of execution of the applicable 2025A Mortgage Loan, a present ownership interest in a principal residence; provided, however, that (i) the Department may purchase 2025A Mortgage Loans that do not satisfy the foregoing requirement, so long as such purchase does not cause less than 95% of the Net Proceeds of the Series 2025A Bonds to have been used to finance such non-conforming loans; (ii) financings with respect to targeted area residences will be treated as meeting such requirement; (iii) financings described in the Contract For Deed Exception will be treated as meeting such requirement; and (iv) financings of any residence for any veteran (as defined in Section 101 of Title 38, United States Code), if such veteran has not previously qualified for and received financing pursuant to the exception, will be treated as meeting such requirement.
- (d) The Department covenants to require and the Program Agreement requires, with respect to each 2025A Mortgage Loan, a certification of the Borrower and other appropriate evidence demonstrating that, in accordance with Section 143(e) of the Code, the acquisition cost of the residence being financed with the proceeds of such 2025A Mortgage Loan does not exceed 90% of the average area purchase price applicable to such residence (110% in the case of a targeted area residence).
- (e) The Department covenants to require and the Program Agreement requires, with respect to each 2025A Mortgage Loan, a certification of the Borrower and other appropriate evidence demonstrating that, in accordance with Section 143(f) of the Code, the Borrower's family income does not exceed: (i) for an individual or a family of two persons, 100% of the applicable median family income (120% in the case of a Borrower acquiring a targeted area residence); or (ii) for a family of three or more persons, 115% of the applicable median family income (140% in the case of a Borrower acquiring a targeted area residence).
- (f) The Department covenants to require and the Program Agreement requires, with respect to each 2025A Mortgage Loan, a certification of the Borrower and other appropriate evidence demonstrating that, in accordance with Section 143(i) of the Code, the 2025A Mortgage Loan is not made for the purpose of acquiring or replacing an existing mortgage (i.e., that the Borrower does not have an existing mortgage (whether or not paid off) on the residence securing the 2025A Mortgage Loan at any time prior to the execution of the 2025A Mortgage Loan), except for a mortgage falling within the Contract for Deed Exception or a mortgage securing a construction period loan, a bridge loan or other similar temporary initial financing having a term of 24 months or less. The Department further covenants and agrees not to permit the assumption of any 2025A Mortgage Loan unless the requirements described in subsection 2, 3, 4 and 5, respectively, of this Section 4.3 are met with respect to such assumption. Borrowers described in the Contract for Deed Exception shall be treated as meeting the requirements of this paragraph 6.
- (g) The Department covenants to require and the Program Agreement requires, that each 2025A Mortgage Loan include provisions for acceleration in the event that the Department discovers that any of such mortgage eligibility requirements have not been met with respect to such 2025A Mortgage Loan.

- (h) The following terms used in this Section 4.3 shall have the respective meanings set forth in Section 143 of the Code and the Regulations promulgated thereunder: acquisition cost, applicable median family income, average area purchase price, family income, mortgage, present ownership interest, principal residence, residence, single family residence, and targeted area residence.

Section 4.4. Targeted Area Residences. The Department covenants that an amount equal to at least 20% of the proceeds of the Series 2025A Bonds that are made available for the purchase of 2025A Mortgage Loans has been or will be made available for at least one year after the date on which owner-financing was first made available with respect to targeted area residences (within the meaning of Section 143(j) of the Code). The Department will attempt with reasonable diligence to use such proceeds to purchase mortgage loans pertaining to such targeted area residences by conducting an advertising campaign reasonably designed to inform the general public of the availability of such proceeds, and shall take such other and further actions to assure that, to the maximum extent practicable, such proceeds are used for such purpose.

Section 4.5. Mortgage Rate. The Department will take all actions necessary to ensure that the blended Yield on the 2025A Mortgage Loans properly allocable under Sections 1.148-1 through 1.148-10 of the Regulations to the Series 2025A Bonds will not exceed the Yield on the Series 2025A Bonds (all as computed by or on behalf of the Department in accordance with Section 143(g) of the Code and Sections 1.148-1 and 1.148-10 of the Regulations) by more than 1.125%. To the extent that the Yield on the 2025A Mortgage Loans exceeds the Yield on the Series 2025A Bonds by more than 1.125%, the Department will make yield reduction payments (“Yield Reduction Payments”) to the federal government as set forth in Section 1.148-5(c) of the Regulations and as set forth below.

Section 4.6. Rebate Requirement. The Department covenants to comply with the requirement that “rebateable arbitrage earnings” on the investment of the Gross Proceeds of the Series 2025A Bonds, within the meaning of Section 148(f) of the Code, be rebated to the federal government.

- (a) Delivery of Documents and Money on Computation Dates. The Department shall deliver to the Trustee, within 55 days after each Computation Date for the Series 2025A Bonds,

(i) a statement, signed by an Authorized Representative of the Department, stating the Rebate Amount for the Series 2025A Bonds as of such Computation Date and the amount of any Yield Reduction Payment due;

(ii) (A) if such Computation Date is an Installment Computation Date, an amount which, together with any amount then held in the 2025A Rebate Fund, is equal to at least 90% of the Rebate Amount as of such Installment Computation Date, less any “previous rebate payments” (determined in accordance with Section 1.148-3(f)(1) of the Regulations), made to the United States of America with respect to the Series 2025A Bonds and Yield Reduction Payments, or (B) if such Computation Date is a Final Computation Date, an amount which, together with any amount then held for the credit of the 2025A Rebate Fund is equal to the Rebate Amount as of such Final Computation Date, less any

“previous rebate payments” (determined in accordance with Section 1.148-3(f)(1) of the Regulations), made to the United States of America with respect to the Series 2025A Bonds and Yield Reduction Payments; and

(iii) an Internal Revenue Service Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate (“Form 8038-T”) properly signed and completed as of such Computation Date.

(b) Correction of Underpayments. If the Department discovers or is notified that any amount due to the United States of America in an amount described in Section 4.6(a)(ii) above has not been paid as required pursuant to Section 2.12 hereof or that any payment paid to the United States of America pursuant hereto has failed to satisfy any requirement of Section 148(f) of the Code or Section 1.148-3 of the Regulations (whether or not such failure shall be due to any default by the Department or the Trustee), the Department will (i) deliver to the Trustee (for deposit to the 2025A Rebate Fund) and cause the Trustee to pay to the United States of America from the 2025A Rebate Fund (A) the Rebate Amount or Yield Reduction Payments that the Department failed to pay, plus any interest specified in Section 1.148-3(h)(2) of the Regulations, if such correction payment is delivered to and received by the Trustee within 175 days after such discovery or notice, or (B) if such correction payment is not delivered to and received by the Trustee within 175 days after such discovery or notice, the amount determined in accordance with clause (A) of this subparagraph plus the 50 percent penalty required by Section 1.148-3(h)(1) of the Regulations, and (ii) deliver to the Trustee and the Department a Form 8038-T completed as of such date. If such Rebate Amount or Yield Reduction Payments, together with any penalty and/or interest due, is not paid to the United States of America in the amount and manner and by the time specified in the Regulations, the Department will take such steps as are necessary to prevent the Series 2025A Bonds from becoming an “arbitrage bond” within the meaning of Section 148 of the Code. The Trustee shall not be liable for any penalties incurred with respect to the calculation and payment of the Rebate Amount or Yield Reduction Payments.

(c) Records. The Department will retain all of its accounting records relating to the Funds, Accounts and Subaccounts and all calculations made in preparing the statements described in this Section 4.6 for at least three years after the later of (i) the final maturity of the Series 2025A Bonds or (ii) the first date on which no Series 2025A Bonds is Outstanding.

(d) Fees and Expenses. The Department agrees to pay all of the fees and expenses of a nationally recognized bond counsel, a certified public accountant and any Rebate Analyst or other necessary consultant employed by the Department or the Trustee in connection with computing the Yield Reduction Payments and Rebate Amount.

(e) No Diversion of Rebatable Arbitrage. The Department will not indirectly pay any amount otherwise payable to the federal government pursuant to the foregoing requirements to any person other than the federal government by entering into any investment arrangement with respect to the Gross Proceeds of the Series 2025A Bonds

that is not purchased at fair market value (as defined in Section 1.148-5(d)(6)(iii) of the Regulations) or includes terms that the Department would not have included if the Series 2025A Bonds were not subject to Section 148(f) of the Code.

(f) Rebate Not Required in Certain Circumstances.

(i) Notwithstanding the foregoing, the Department will not be required to perform the obligations set forth in this Section 4.6, except for the obligation to retain accounting records and the payment of expenses as described herein, if (A) the Yield on the Mortgage Loans does not exceed the Yield on the Bonds by more than 1.125% or (B) the Department has not earned any “rebateable arbitrage earnings” and, therefore, is not subject to the rebate obligation set forth in Section 148(f) of the Code. To the extent that the Department will not be required to perform such obligations, the Department will send written notice to the Trustee within 55 days after the applicable Computation Date.

(ii) Notwithstanding anything to the contrary in this 2025A Series Supplement requiring a payment to be made based on the Rebate Analyst’s calculations showing a rebate being due, no payment will be made by the Trustee to the United States of America if the Department furnishes to the Trustee a Favorable Opinion of Bond Counsel.

Section 4.7. No-Arbitrage Covenant. The Department covenants that it will make such use of the Gross Proceeds of the Series 2025A Bonds and related Revenues, regulate investments of proceeds of the Series 2025A Bonds and related Revenues, and take such other and further action as may be required so that the Series 2025A Bonds will not be “arbitrage bonds” within the meaning of Section 148(a) of the Code. The Department hereby expressly reserves the right to direct the Trustee or any Depository to make specific investments to ensure compliance with this Section 4.7 and Section 4.8.

Section 4.8. Limitations on Investment of Reserve Amounts. The Department covenants that at no time will the aggregate amount of money held in any reasonably required reserve for the Series 2025A Bonds that is invested in Nonpurpose Investments and at a yield higher than the yield on such Series 2025A Bonds, exceed the least of (i) 10% of the Sale Proceeds of the Series 2025A Bonds; (ii) the maximum annual principal and interest requirements on the issue, or (iii) 125 percent of the average annual principal and interest requirements on the issue.

Section 4.9. Limitations on Costs of Issuance. The Department covenants and agrees that the Costs of Issuance financed with the Proceeds of the Series 2025A Bonds will not exceed two percent of the Sale Proceeds of the Series 2025A Bonds.

Section 4.10. No Federal Guaranty. The Department covenants not to take any action, or knowingly omit to take any action within its control, that, if taken or omitted, respectively, would cause any of the Series 2025A Bonds to be “federally guaranteed” within the meaning of Section 149(b) of the Code, except as permitted by Section 149(b) of the Code.

Section 4.11. Information Reporting. The Department covenants and agrees to file or cause to be filed with the Secretary of the Treasury, not later than the 15th day of the second calendar month after the close of the calendar quarter in which the Series 2025A Bonds are issued, an information statement concerning the Series 2025A Bonds, all under and in accordance with

Section 149(e) of the Code, and that it will file or cause to be filed such additional information reports as may be required by Section 149(e) of the Code.

Section 4.12. Changes in Use of Mortgaged Property. The Department acknowledges that the provisions of Section 150(b) of the Code (relating to changes in use of property financed with the proceeds of private activity bonds) apply to the 2025A Mortgage Loans (including Mortgage Loans represented by Mortgage Certificates), and covenants to advise each Borrower with respect to a Mortgage Loan of such provisions.

Section 4.13. Use of Repayments to Redeem Series 2025A Bonds. So long as any of the Series 2025A Bonds are Outstanding, the Department covenants that each Mortgage Loan Principal Payment with respect to a 2025A Mortgage Loan received on or after the ten year anniversary of the Issuance Date will be used to redeem Series 2025A Bonds not later than the close of the first semiannual period beginning after the date such Mortgage Loan Principal Payment is received, unless the Department has received a Favorable Opinion of Bond Counsel and the Department has fulfilled the other requirements of Section 2.7 hereof with respect to the use of such payments to redeem other Bonds.

Section 4.14. Recapture. The Department covenants and agrees to comply with the provisions of Section 143(m) of the Code (regarding the recapture of a portion of the federal subsidy from the use of qualified mortgage bonds) with respect to each 2025A Mortgage Loan.

Section 4.15. Bonds are not Hedge Bonds. The Department covenants and agrees that not more than 50% of the Sale Proceeds of the Series 2025A Bonds will be invested in Nonpurpose Investments having a substantially guaranteed yield for four years or more within the meaning of Section 149(g)(3)(A)(ii) of the Code, and the Department reasonably expects that at least 85% of the spendable proceeds of the Series 2025A Bonds will be used to carry out the governmental purposes of the Series 2025A Bonds within the three-year period beginning on the Issuance Date.

Section 4.16. Sale of 2025A Mortgage Certificates. Notwithstanding any other provision of the Indenture, the Department may sell the 2025A Mortgage Certificates in whole or in part only upon delivery by the Department of (i) a Counsel's Opinion that such sale will not cause all or any portion of the 2025A Mortgage Certificates, or the Series 2025A Bonds to be classified as a "taxable mortgage pool" within the meaning of Section 7701(i) of the Code; and (ii) written confirmation from each Rating Agency that such sale will not adversely affect the then current ratings on the Bonds (determined without regard to any bond insurance or similar credit enhancement).

Section 4.17. Record Retention. The Department will retain all pertinent and material records relating to the use and expenditure of the proceeds of the Series 2025A Bonds until three years after the last Series 2025A Bond is redeemed or paid at maturity, or such other period as authorized by subsequent guidance issued by the Department of Treasury, if applicable. All records will be kept in a manner that ensures their complete access throughout the retention period. For this purpose, it is acceptable that such records are kept either as hardcopy books and records or in an electronic storage and retrieval system, provided that such electronic system includes reasonable controls and quality assurance programs that assure the ability of the Department to

retrieve and reproduce such books and records in the event of an examination of the Series 2025A Bonds by the Internal Revenue Service.

Section 4.18. Continuing Obligation. Notwithstanding any other provision of this 2025A Series Supplement, the Department's obligations under the covenants and provisions of this Article IV will survive the defeasance and discharge of the Series 2025A Bonds for as long as such matters are relevant to the excludability of interest on the Series 2025A Bonds from gross income for federal income tax purposes.

ARTICLE V

OTHER MATTERS

Section 5.1. Reserved.

Section 5.2. Transfer of Unexpended Proceeds. On the last day of the Certificate Purchase Period (or such earlier date as directed in writing by the Department), unless the Certificate Purchase Period is extended in accordance with this Section 5.2, the Trustee shall transfer the amounts in the 2025A Mortgage Loan Account remaining unexpended for acquisition of 2025A Mortgage Certificates in such amounts as provided in a Letter of Instructions from the 2025A Mortgage Loan Account to the 2025A Special Redemption Account to be applied to the redemption of Series 2025A Bonds pursuant to Section 2.7.1 hereof. The Certificate Purchase Period for amounts in the 2025A Mortgage Loan Account may be extended to a date certain as set out in a Letter of Instructions to the Trustee, but not later than [July 1, 2028], upon delivery to the Trustee no later than 30 days prior to the last day of the then existing Certificate Purchase Period of the following:

- (i) a Favorable Opinion of Bond Counsel; and
- (ii) confirmation from each Rating Agency that such extension will not adversely affect the rating on the Series 2025A Bonds assigned by such Rating Agency.

The Department shall provide written notice to the Servicer at least thirty (30) days prior to the last day of the then existing Certificate Purchase Period of any such proposed extension of the Certificate Purchase Period.

Section 5.3. Application of Amounts in 2025A Revenue Account.

- (a) Unless otherwise directed by the Department pursuant to a Letter of Instructions accompanied by a Cashflow Certificate and a confirmation from each Rating Agency of the then current ratings on the Series 2025A Bonds, all Revenues received with respect to the 2025A Mortgage Certificates shall be deposited in the 2025A Revenue Account.

(b) Pursuant to subsection 3 of Section 505 of the Indenture, the Trustee shall transfer from the 2025A Revenue Fund amounts on deposit therein in accordance with a Letter of Instructions and in the following order of priority:

(i) First, on each Interest Payment Date or any other date for the redemption of the Series 2025A Bonds, to the 2025A Interest Account, to the extent required so that the balance in said account equals the amount of interest which will be due and payable on the Series 2025A Bonds on such Interest Payment Date or redemption date;

(ii) Second, monthly, upon receipt of Mortgage Loan Principal Payments, to the 2025A Principal Account, one-sixth of the aggregate amount required to pay maturing principal and the unsatisfied balance of any Sinking Fund Installment on any Series 2025A Bonds on the next Interest Payment Date;

(iii) Third, monthly, upon receipt of Mortgage Loan Principal Payments, to the 2025A Special Redemption Account, the amount required to reduce the Outstanding principal amount of the Premium PAC Term Bond to the Premium PAC Term Bond Outstanding Applicable Amount for such monthly period, and the Trustee shall use such funds either on the next Interest Payment Date, or if the Outstanding Series 2025A Bonds as of such Interest Payment Date are less than the 2025A Cumulative Applicable Amount, on the first day of the next month for which notice can be given following such Interest Payment Date to redeem Series 2025A Bonds pursuant to Section 2.7(b) hereof; and

(iv) Fourth, monthly, upon receipt of Mortgage Loan Principal Payments, to the 2025A Special Redemption Account, any remaining Mortgage Loan Principal Payments to be applied monthly to the redemption of Series 2025A Bonds pursuant to Section 2.7(b) hereof.

Section 5.4. Application of Residual Revenues.

(a) The Trustee shall transfer any amounts as set forth or described in a Letter of Instructions from the 2025A Residual Revenues Account to the 2025A Special Redemption Account to redeem Series 2025A Bonds in accordance with Section 2.7(c) hereof.

Section 5.5. Limitations on Mortgage Loans. The Department covenants and agrees that each Mortgage Loan contained in a mortgage pool represented by a 2025A Mortgage Certificate shall satisfy the following requirements:

(i) each 2025A Mortgage Loan shall bear interest (which interest shall be payable in arrears) at the applicable rate in accordance with the Program Agreement;

(ii) each 2025A Mortgage Loan shall have a term of 30 years and shall provide for level monthly payments and full amortization over the term thereof;

(iii) each 2025A Mortgage Loan shall be secured by a Mortgage creating a first lien on the residence being financed with the proceeds of such 2025A Mortgage Loan;

(iv) each 2025A Mortgage Loan shall be (A) insured by the FHA pursuant to Section 203, 221(d)(2) or 234(c) of the National Housing Act of 1934, as amended, in accordance with the applicable standards of the FHA, (B) guaranteed by the VA under the Servicemen's Readjustment Act of 1945, as amended, in accordance with applicable standards of the VA, or (C) guaranteed by RHS under the Cranston-Gonzales National Affordable Housing Act of 1990;

(v) each 2025A Mortgage Loan shall be further secured by Supplemental Mortgage Security in the form of the guaranty provided by Ginnie Mae pursuant to a Ginnie Mae Certificate;

(vi) each residence financed with a 2025A Mortgage Loan shall be a single family attached or detached house, a single unit in a condominium development or a planned unit development or a qualifying duplex (but not a triplex or fourplex or manufactured housing that is not permanently affixed to real property owned by the Borrower);

(vii) each 2025A Mortgage Certificate shall be acquired by the Department with moneys disbursed from the 2025A Mortgage Loan Account during the Certificate Purchase Period; and

(viii) such other requirements as may be set forth in the Program Agreement.

The Department covenants and agrees that each DPA Loan meets the requirements set forth in the Program Guidelines.

Section 5.6. Covenant Relating to the Program Agreement. The Department represents and covenants that the Program Agreement incorporates the requirements set forth in Article IV and Section 5.5 of this 2025A Series Supplement. The Department further covenants and agrees to obtain, prior to or upon any amendment thereof, a Counsel's Opinion that: (i) the form and substance of such amendment are consistent with the requirements of the Indenture and this 2025A Series Supplement; and (ii) that the execution and delivery of such amendment by the Department, the Trustee and one or more Mortgage Lenders, and the consummation of the transactions contemplated thereby, will not adversely affect the exclusion of the interest on the Series 2025A Bonds from the gross income of the Holders thereof for purposes of federal income taxation.

Section 5.7. Depository. In accordance with Section 914 of the Indenture, the Department hereby appoints the Texas Treasury Safekeeping Trust Company as Depository for the purpose of holding, administering and investing the moneys and securities required to be credited to all Accounts, all as more fully provided in the Depository Agreement.

Section 5.8. Certain Requirements Applicable to Cashflow Statements. The Department covenants and agrees, with respect to each Cashflow Statement filed with the Trustee, that such Cashflow Statement shall demonstrate the sufficiency of the anticipated Revenues (as more fully set forth in Section 711 of the Indenture).

Section 5.9. Certain Conditions of Issuance of the Series 2025A Bonds. The Series 2025A Bonds shall be executed by the Department and, except for the Initial Bond, shall be

delivered to the Trustee and thereupon shall be authenticated by the Trustee and delivered by it to the Department or upon its order, but only upon receipt by the Trustee of the following (in addition to the documents required under the Indenture):

- (i) an executed counterpart of this 2025A Series Supplement;
- (ii) a certificate of an Authorized Representative of the Department to the effect that, on the basis of all facts and estimates and circumstances (including covenants of the Department contained in the Indenture) reasonably expected to be in existence on the Issuance Date, it is not expected that the proceeds of the Series 2025A Bonds will be used in a manner that would cause the Series 2025A Bonds to be “arbitrage bonds” within the meaning of Section 148(a) of the Code and applicable Regulations thereunder, and such certificate shall set forth such facts, estimates, and circumstances (including covenants of the Department contained in the Indenture), which may be in brief and summary terms, and shall state that to the best of the knowledge and belief of such Authorized Representative of the Department there are no other facts, estimates, or circumstances that would materially change such expectation;
- (iii) an executed counterpart of the Depository Agreement in satisfaction of the requirements of subsection 1 of Section 914 of the Indenture, together with an opinion of counsel to the Depository regarding the enforceability thereof; and
- (iv) the amounts specified in this 2025A Series Supplement to be deposited in the Accounts and Subaccounts as required therein.

Section 5.10. Sale of Series 2025A Bonds. The Series 2025A Bonds shall be sold to the Underwriters at an aggregate purchase price \$[PURCHASE PRICE] (representing the par amount of the Series 2025A Bonds, plus a premium in the amount of \$[PREMIUM]), subject to the terms and conditions set forth in the Purchase Agreement, and upon the basis of the representations therein set forth.

Section 5.11. Execution in Several Counterparts. This 2025A Series Supplement may be simultaneously executed in several counterparts, all of which shall constitute one and the same instrument and each of which shall be, and shall be deemed to be, an original.

Section 5.12. Certain Duties of the Department. The Department covenants and agrees that, in addition to such other duties as may be required under the Indenture and this 2025A Series Supplement, the Department will not voluntarily take any action or fail to take any action that will impair the ability of the Department to satisfy the asset test set forth in subsection 2 of Section 512 of the Indenture during any period in which the Series 2025A Bonds remain Outstanding.

Section 5.13. No Recourse on Series 2025A Bonds. No recourse shall be had for payment of the principal or Redemption Price of or interest on the Series 2025A Bonds or for any claim based thereon or on this 2025A Series Supplement against any Board member, officer or employee of the Department or the Trustee or any person executing or authenticating the Series 2025A Bonds, and neither the Board members, officers or employees of the Department or the Trustee, nor any person executing or authenticating the Series 2025A Bonds shall be liable personally on the Series 2025A Bonds by reason of the issuance thereof.

Section 5.14. Protection of Trust Estate.

- (a) At the request of the Trustee, the Department will from time to time execute and deliver all such supplements and amendments hereto and all such financing statements, continuation statements, instruments of further assurance and other instruments, and will take such other action as may be necessary or advisable to:
- (i) grant more effectively all or any portion of the Trust Estate;
 - (ii) maintain or preserve the lien of the Indenture and this 2025A Series Supplement or carry out more effectively the purposes hereof;
 - (iii) perfect, publish notice of or protect the validity of any grant made or to be made by the Indenture or this 2025A Series Supplement;
 - (iv) enforce any of the documents executed in connection with this 2025A Series Supplement;
 - (v) preserve and defend title to the Trust Estate and the rights of Trustee and of owners of the Series 2025A Bonds in the other property held as part of the Trust Estate against the claims of all Persons and parties; or
 - (vi) pay all taxes or assessments levied or assessed upon the Trust Estate when due.
- (b) The Department hereby designates the Trustee as its agent and attorney-in-fact to execute any financing statement, continuation statement or other instrument required pursuant to this Section 5.14; provided, however, that such designation shall not be deemed to create a duty on the Trustee to monitor the compliance of the Department with the foregoing covenants and provided further, that the duty of the Trustee to execute any instrument required pursuant to this Section 5.14 shall arise only if the Trustee has actual knowledge or has been notified in writing of any failure of the Department to comply with the provisions of this Section 5.14. Such power-of-attorney is coupled with an interest and is irrevocable, and the Department hereby ratifies and confirms all that the Trustee may do by virtue thereof. The Department shall be responsible for all reasonable costs incurred by the Trustee in the preparation and filing of all such continuation statements hereunder. Notwithstanding anything to the contrary contained herein or in the Indenture, the Trustee shall not be responsible for any initial filings of any financing statements or the information contained therein (including the exhibits thereto), the perfection of any such security interest, the accuracy or sufficiency of any description of collateral in such initial filings or the filing of any modifications or amendments to the initial filings required by any amendments to Chapter 9 of the Texas Business and Commerce Code. Unless the Trustee shall have been notified in writing by the Department that any such initial filing or description of collateral was or has become defective, the Trustee shall be fully protected in relying on such initial filing and the information contained therein when filing any continuation statements or modifications thereto pursuant to this Section 5.14 or Section 1205 of the

Indenture and when filing any continuation statements in the same filing offices as the initial filings were made.

Section 5.15. Continuing Disclosure Relating to Other Obligated Persons. The Board hereby determines that an Other Obligated Person would be an “obligated person” (as defined in Rule 15c2-12 (the “Rule”)), for whom financial information and operating data would be presented in any final official statement relating to the Series 2025A Bonds had such Person been known at the time of the offering thereof. Based upon the objective criteria specified in the definition of Other Obligated Person, the Board concludes that no Borrower eligible to participate in the Program would be an Other Obligated Person.

Section 5.16. Agreement Regarding Assumption of Certain Home Loans. The Board agrees not to permit the assumption of any Mortgage Loan that would cause any Person to become an Other Obligated Person.

Section 5.17. Responsibilities of Trustee. Notwithstanding anything to the contrary in the Indenture: (a) subject to the provisions of subsection 2 of Section 902 of the Indenture, the Trustee shall not be liable in connection with the performance of its duties hereunder except for its own negligence or willful misconduct; and (b) the Trustee may act through agents or attorneys and shall not be responsible for the misconduct or negligence of such agents or attorneys appointed with due care. Subject to the provisions of Section 902 of the Indenture, the Department further agrees, to the extent permitted by law, to indemnify and save the Trustee harmless against any liabilities which it may incur in the exercise and performance of its powers and duties hereunder and which are not due to the Trustee’s negligence or willful misconduct. If the Trustee renders any service hereunder not provided for in the Indenture or this 2025A Series Supplement or related financing documents or institutes interpleader proceedings relative hereto, the Trustee shall be compensated reasonably by the Department for such extraordinary services and reimbursed for any and all claims, liabilities, losses, damages, fines, penalties, and expenses, including out of pocket and incidental expenses and legal fees and expenses occasioned thereby. The Trustee shall have no responsibility with respect to any information, statement or recital in any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the Bonds, except for any information provided by the Trustee, and shall have no responsibility for compliance with any state or federal securities laws in connection with the Bonds. The permissive right of the Trustee to do things enumerated in the Indenture shall not be construed as a duty.

Section 5.18. Verifications of Statutory Representations and Covenants. The Trustee makes the following verifications, representation and covenants pursuant to Chapters 2252, 2271, 2274, and 2276, Texas Government Code (the “Government Code”), each as heretofore amended, in entering into this 2025A Series Supplement, the Depository Agreement and the Continuing Disclosure Agreement dated as of [February] 1, 2025, between the Department and the Trustee (the “Disclosure Agreement”, and together with this 2025A Series Supplement, and the Depository Agreement, each a “Representation Document”). As used in such verifications, “affiliate” means an entity that controls, is controlled by, or is under common control with the Trustee within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit. Liability for breach of any such verification during the term of the respective Representation Document shall survive until barred by the applicable statute of limitations, and shall not be liquidated or otherwise limited

by any provision of such Representation Document, notwithstanding anything in the applicable Representation Document to the contrary.

- (a) *Not a Sanctioned Company.* The Trustee represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153, Government Code, or Section 2270.0201, Government Code. The foregoing representation excludes the Trustee and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization.
- (b) *No Boycott of Israel.* The Trustee hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and will not boycott Israel during the term of each Representation Document. As used in the foregoing verification, “boycott Israel” has the meaning provided in Section 2271.001, Government Code.
- (c) *No Discrimination Against Firearm Entities.* The Trustee hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and will not discriminate against a firearm entity or firearm trade association during the term of each Representation Document. As used in the foregoing verification, “discriminate against a firearm entity or firearm trade association” has the meaning provided in Section 2274.001(3), Government Code.
- (d) *No Boycott of Energy Companies.* The Trustee hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott energy companies and will not boycott energy companies during the term of each Representation Document. As used in the foregoing verification, “boycott energy companies” has the meaning provided in Section 2276.001(1), Government Code.

The Trustee represents and verifies that it is aware of the Office of the Texas Attorney General’s (“Texas Attorney General”) All Bond Counsel Letter, dated November 1, 2023, that is available on the website of the Texas Attorney General using the following link: (<https://www.texasattorneygeneral.gov/sites/default/files/files/divisions/public-finance/ABCLetter-11-01-2023.pdf>) and the Texas Attorney General’s supplemental All Bond Counsel Letter, dated November 16, 2023, that is available on the website of the Texas Attorney General using the following link: (<https://texasattorneygeneral.gov/sites/default/files/files/divisions/public-finance/ABCLetter-11-06-2023.pdf>). The Trustee represents and verifies that the Trustee has on file a standing letter (“Standing Letter”), in the form set forth as Exhibit A to the Updated Recommendations for Compliance with Texas BPA Verification and Representation Requirements issued by the Municipal Advisory Council of Texas, dated December 1, 2023 (available at <https://www.mactexas.com/Document/HB89Letter/>), addressing the representations and verifications in this Section 5.18(a) through (d).

The Trustee further represents and verifies that its Standing Letter remains in effect as of the Issuance Date and that the Texas Attorney General has not notified the Trustee that a determination has been made that the Trustee boycotts energy companies or has a policy that discriminates against firearm entities or firearm trade associations under the laws of the State of Texas.

Section 5.19. Instructions via Electronic Means. The Trustee shall have the right to accept and act upon instructions, including funds transfer instructions (“Instructions”), given pursuant to the Indenture and delivered using Electronic Means; provided, however, that the Department shall provide to the Trustee an incumbency certificate listing Authorized Representatives of the Department with the authority to provide such Instructions and containing specimen signatures of such Authorized Representative of the Department, which incumbency certificate shall be amended by the Department whenever a person is to be added or deleted from the listing. “Electronic Means” as used herein shall mean the following communications methods: e-mail, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee, or another method or system specified by the Trustee as available for use in connection with its services hereunder. If the Department elects to give the Trustee Instructions using Electronic Means and the Trustee in its discretion elects to act upon such Instructions, the Trustee’s understanding of such Instructions shall be deemed controlling. The Department understands and agrees that the Trustee cannot determine the identity of the actual sender of such Instructions and that the Trustee shall conclusively presume that directions that purport to have been sent by or on behalf of an Authorized Representative listed on the incumbency certificate provided to the Trustee have been sent by or on behalf of such Authorized Representative. The Department shall be responsible for ensuring that only Authorized Representatives of the Department transmit or authorize the transmission of such Instructions to the Trustee and that the Department and all Authorized Representatives of the Department are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the Department. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee’s reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The Department agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized Instructions, and the risk of interception or misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by Department; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

Section 5.20. Letter of Instruction; Written Instructions. The Trustee may conclusively rely on any Letter of Instructions or written instructions delivered to the Trustee and shall not be responsible for any loss or liability resulting from the investment of funds or otherwise, but only

so long as the Trustee follows such Letter of Instructions or written instructions in all material respects.

[signature pages follow]

IN WITNESS WHEREOF, the Department and the Trustee have caused this 2025A Series Supplement to be signed, sealed, and attested on their behalf by their duly authorized representatives, all as of the date first hereinabove written.

TEXAS DEPARTMENT OF HOUSING AND
COMMUNITY AFFAIRS

By: _____
Director of Bond Finance

Department's Signature Page to Series Supplement

THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A., Trustee

By: _____
Authorized Officer

Trustee's Signature Page to Series Supplement

EXHIBIT A

FORM OF BOND

UNITED STATES OF AMERICA

STATE OF TEXAS

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
RESIDENTIAL MORTGAGE REVENUE BOND
SERIES 2025A

THE ORIGINAL PRINCIPAL AMOUNT OF THIS BOND IS SUBJECT TO REDUCTION UPON PAYMENT OF AMOUNTS CAUSING A PARTIAL REDEMPTION OF THIS BOND AS PROVIDED HEREIN; THE OUTSTANDING PRINCIPAL AMOUNT OF THIS BOND WILL BE AS SHOWN ON THE REGISTRY BOOKS KEPT BY THE WITHIN-NAMED TRUSTEE

[THE STATED PRINCIPAL AMOUNT OF THIS BOND WHILE REGISTERED IN THE NAME OF THE DEPOSITORY TRUST COMPANY, NEW YORK, NEW YORK, OR ITS NOMINEE MAY BE REDUCED BY THE AMOUNT OF REDEMPTIONS OF ANY BONDS OR PORTIONS THEREOF]¹

No. _____ \$ _____

Interest Rate: _____ Dated Date: _____ CUSIP: _____ Maturity Date: _____

Registered Owner: _____

Principal Amount: _____ DOLLARS

The TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (herein called the "Department"), a public and official agency of the State of Texas, acknowledges itself indebted to, and FOR VALUE RECEIVED, hereby promises to pay to the registered owner named above or registered assigns, but solely from the sources and in the manner hereinafter provided, on the maturity date specified above, unless redeemed prior thereto as hereinafter provided, the principal amount set forth above in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts, and to pay interest on such principal amount in like coin or currency from the Dated Date (as defined below) of this Bond or from the most recent date to which interest on this Bond (or any Bond in exchange for, or in lieu of, which this Bond was issued), has been paid at the interest rate per annum set forth above,

¹ To be deleted from the Initial Bond, and be included only in Series 2025A Bonds registered in the name of DTC or its nominee.

calculated on the basis of a 360-day year composed of twelve 30-day months, payable on [July 1, 2025], and each [January 1] and [July 1] thereafter, and on any other date on which this Bond is subject to redemption (each, an “Interest Payment Date”) to the date of maturity or earlier redemption, until the Department’s obligation with respect to the payment of such principal amount shall be discharged. The principal amount or Redemption Price of this Bond shall be payable upon presentation and surrender of this Bond, at the applicable office of The Bank of New York Mellon Trust Company, N.A. (such bank and any successor in such capacity being referred to as the “Trustee”). The interest on each Series 2025A Bond shall be paid by check mailed on the Interest Payment Date to the Person in whose name such Series 2025A Bond is registered at the close of business on the 15th day of the month (whether or not a Business Day) immediately preceding the applicable Interest Payment Date, at the address of such Person as shown on the Bond registration books kept by the Trustee. Notwithstanding the foregoing, in no event shall the cumulative amount of interest paid or payable on any Bond (including interest calculated as provided in the Indentures (as defined below), together with all other amounts that constitute interest on the Bonds under the laws of the State of Texas that are contracted for, charged, reserved, taken or received pursuant to the Indentures) through any Interest Payment Date or through the date of payment of such Bond (whether at maturity, by acceleration or upon earlier redemption) exceed the “net interest cost” that will produce a “net effective interest rate” of greater than 15% per annum or, to the extent allowed by law, such greater “net effective interest rate” as may be allowed from time to time. The terms “net interest cost” and “net effective interest rate,” as used herein, shall have the respective meanings ascribed to them in Chapter 1204, Texas Government Code, as amended. This Bond shall be dated as of the date six months preceding the Interest Payment Date next following the date of authentication hereof by the Trustee, unless such date of authentication shall be an Interest Payment Date, in which case this Bond shall be dated as of such Interest Payment Date, or unless such date of authentication shall be prior to [July 1, 2025], in which case this Bond shall be dated as of the Issuance Date; provided that if interest on this Bond shall be in default, Bonds issued in lieu of this Bond upon surrender for transfer or exchange may be dated as of the date to which interest has been paid in full on the Bonds surrendered (herein, the “Dated Date”).

This Bond is a limited obligation of the Department and is one of the Bonds of the Department designated “Residential Mortgage Revenue Bonds” (herein called the “Bonds”), issued and to be issued in various series under and pursuant to and in accordance with the provisions of Chapter 2306, Texas Government Code, as such may be amended from time to time (together with the laws of the State of Texas applicable to the Department, collectively, the “Act”), and Chapter 1371, Texas Government Code, as amended, and under and pursuant to an indenture of the Department entitled “Amended and Restated Residential Mortgage Revenue Bond Trust Indenture”, dated as of July 1, 2019, as amended and supplemented (herein called the “Indenture”), and a supplemental indenture of the Department entitled “Forty-Fifth Supplemental Residential Mortgage Revenue Bond Trust Indenture”, dated as of [February] 1, 2025, authorizing the series of Bonds of which this Bond is a part (herein called the “2025A Series Supplement” and together with the Indenture called the “Indentures”). All defined terms used herein, but not otherwise defined, shall have the same definitions ascribed to them in the Indentures. As provided in the Indenture, Bonds may be issued from time to time pursuant to supplemental indentures in one or more series, in various principal amounts, may mature at different times, may bear interest at different rates and subject to the provisions thereof, may otherwise vary. All Bonds issued and to

be issued under the Indenture are and will be equally secured by the pledges, assignments in trust and covenants made therein, except as otherwise expressly provided or permitted in the Indenture.

THE PRINCIPAL OF AND INTEREST AND PREMIUM, IF ANY, ON THIS BOND ARE LIMITED OBLIGATIONS OF THE DEPARTMENT AND ARE PAYABLE ONLY FROM REVENUES OR FUNDS OF THE DEPARTMENT PLEDGED UNDER THE INDENTURES. THE BONDS ARE NOT AND DO NOT CREATE OR CONSTITUTE IN ANY WAY AN OBLIGATION, A DEBT OR A LIABILITY OF THE STATE OF TEXAS, OR CREATE OR CONSTITUTE A PLEDGE, GIVING OR LENDING OF THE FAITH OR CREDIT OR TAXING POWER OF THE STATE OF TEXAS. THE DEPARTMENT HAS NO TAXING POWER.

This Bond is one of a series of Bonds designated “Residential Mortgage Revenue Bonds, Series 2025A” (herein sometimes called the “Series 2025A Bonds”) issued in the aggregate initial principal amount of \$[2025A PAR] under the Indentures for the purpose of providing funds to finance the acquisition of mortgage loans through the purchase of Mortgage Certificates backed by qualified mortgage loans. Copies of the Indentures are on file at the office of the Department and at the applicable office of the Trustee and reference to the Indentures and any and all supplements thereto and modifications and amendments thereof and to the Act is made for a description of the pledges, assignments in trust, and covenants securing the Bonds; the nature, extent, and manner of enforcement of such pledges, assignments in trust, and covenants; the rights and remedies of the registered owners of the Bonds with respect thereto; the terms and conditions upon which the Bonds are issued and may be issued thereunder; and other matters, to all of which the owner of this Bond assents by the acceptance of this Bond. To the extent of any conflict between the terms and provisions of the Indentures and the terms and provisions of this Bond, the Indentures shall govern and control.

The owner of this Bond shall have no right to enforce the provisions of the Indentures, or to institute any action with respect to any Event of Default (as defined in the Indenture), or to institute, appear in, or defend any suit or other proceeding with respect thereto, except as provided in the Indentures.

This Bond is transferable, as provided in the Indentures, only upon the books of the Department kept for that purpose at the above-mentioned office of the Trustee, by the registered owner hereof in person, or by his duly authorized attorney, upon surrender of this Bond together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his duly authorized attorney, and thereupon, a new Bond or Bonds in the same aggregate principal amount and maturity shall be issued to the transferee in exchange herefor as provided in the Indentures, and upon payment of the charges therein prescribed. The Department and the Trustee may deem and treat the person in whose name this Bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal, Redemption Price or purchase price hereof and interest due hereon and for all other purposes.

[EXCEPT AS OTHERWISE PROVIDED IN THE INDENTURES, THIS BOND MAY BE TRANSFERRED, IN WHOLE BUT NOT IN PART, ONLY TO ANOTHER NOMINEE OF

DTC OR TO A SUCCESSOR BOND DEPOSITORY OR TO A NOMINEE OF A SUCCESSOR BOND DEPOSITORY.]²

The Series 2025A Bonds are issuable only in the form of fully registered Bonds without coupons in the denomination of \$5,000 principal amount or any integral multiple thereof.

To the extent and in the manner permitted by the terms of the Indentures, the provisions of the Indentures, or any indenture amendatory thereof or supplemental thereto, may be modified or amended by the Department, with the written consent of the holders of at least 2/3 in principal amount of the Bonds of each series so affected then outstanding under the Indentures; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like series and maturity remain outstanding under the Indentures, the consent of the holders of such Bonds shall not be required and such Bonds shall not be deemed to be outstanding for the purpose of the calculation of outstanding Bonds. No such modification or amendment shall permit any of the following, without the consent of each Bondholder whose rights are affected thereby: a change in the terms of maturity or redemption of any Bond or of any installment of interest thereon; a reduction in the principal amount or Redemption Price of any Bond or in the rate of interest thereon; the creation of a lien on or a pledge of the revenues pledged under the Indenture or any portion thereof that is superior to or on a parity with the lien of the Indenture; the granting of a preference or priority of any Bond or Bonds over any other Bond or Bonds; or a reduction in the aggregate principal amount or classes of Bonds, of which the consent of the registered owners is required to effect any such modification or amendment.

The Series 2025A Bonds are subject to redemption prior to stated maturity as set forth in the 2025A Series Supplement.

In lieu of redeeming Series 2025A Bonds, the Department has reserved the right in the Indenture to purchase such Bonds.

Written notice of redemption shall be provided to the registered owner of each Series 2025A Bond to be redeemed, as shown on the Bond registration books kept by the Trustee, at least 30 days prior to the redemption date, in the manner and upon the terms and conditions set forth in the Indentures. If notice of redemption shall have been given as aforesaid, the Series 2025A Bonds or portions thereof specified in said notice shall become due and payable on the redemption date therein fixed, and if, on the redemption date, moneys for the redemption of all the Series 2025A Bonds or portions thereof to be redeemed, together with interest to the redemption date, shall be available for such payment on said date, then from and after the redemption date interest on such Series 2025A Bonds or portions thereof so called for redemption shall cease to accrue and be payable.

The Department reserves the right to regulate or restrict the yield or return on the investment of the moneys in any fund, account, or subaccount created under the Indentures or any supplemental indenture, if in the opinion of counsel, such regulation or restriction is necessary in order for the interest on the Bonds (other than any series of taxable Bonds issued under the

² To be deleted from the initially issued Bonds.

Indenture) of any series issued or to be issued under the Indenture to be exempt from federal income taxation.

The Act provides that neither the officers or directors of the Department nor any person executing the Bonds shall be liable personally on the Bonds by reason of the issuance thereof.

It is hereby certified and recited that all conditions, acts, and things required by law and the Indentures to exist, to have happened, and to have been performed precedent to and in the issuance of this Bond, exist, have happened, and have been performed and that the issuance of this Bond and the series of Bonds of which it is a part are duly authorized by the laws of the State of Texas.

This Bond shall not be entitled to any benefit under the Indentures or be valid or become obligatory for any purpose until this Bond shall have been authenticated by the execution by the Trustee of the Trustee's Certificate or the execution by the Comptroller of Public Accounts of the State of Texas of the Comptroller's Registration Certificate hereon.

IN WITNESS WHEREOF, the TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS has caused this Bond to be signed in its name and on its behalf by the manual or facsimile signature of its duly authorized representative, and its corporate seal (or a facsimile thereof) to be hereunto affixed, imprinted, engraved, or otherwise reproduced and attested by the manual or facsimile signature of its Secretary.

TEXAS DEPARTMENT OF HOUSING AND
COMMUNITY AFFAIRS

By: _____
[Vice] Chair

Attest:

Secretary

(SEAL)

[FORM OF COMPTROLLER'S REGISTRATION
CERTIFICATE ON INITIAL BOND]

STATE COMPTROLLER'S REGISTRATION CERTIFICATE

OFFICE OF COMPTROLLER

Register No. _____

STATE OF TEXAS

I HEREBY CERTIFY that there is on file and of record in my office an opinion of the Attorney General of the State of Texas approving this Bond and certifying that this Bond and the proceedings for the issuance thereof have been examined by him as required by law, and that he finds that this Bond has been issued in accordance with law and that it is a valid and binding limited obligation of the Texas Department of Housing and Community Affairs, payable from the revenues and other funds pledged to its payment by and in the proceedings authorizing the same, and I do further certify that this Bond has this day been registered by me as Comptroller.

WITNESS MY HAND AND SEAL OF OFFICE this _____.

Comptroller of Public Accounts
of the State of Texas

(SEAL)

[FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION
ON EACH BOND OTHER THAN THE INITIAL BOND]

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is to certify that the initial Bonds of this Series were approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas, and that this Bond is one of the Bonds delivered pursuant to the within-mentioned Indenture.

Date of Authentication:

THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A., Trustee

By: _____
Authorized Officer

[FORM OF ASSIGNMENT]

ASSIGNMENT

For value received, the undersigned sells, assigns, and transfers unto _____ the within Bond and does hereby irrevocably constitute and appoint _____ attorney to transfer the said Bond on the books kept for registration of the within Bond, with full power of substitution in the premises.

Dated: _____

NOTICE: The signature(s) on this assignment must correspond in every particular with the name(s) of the registered owner(s) appearing on the face of the within Bond.

Signature guaranteed by:

NOTICE: Signature must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Trustee, which requirements will include membership or participation in STAMP or such other signature guaranty program as may be determined by the Trustee in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

EXHIBIT B

PREMIUM PAC TERM BOND OUTSTANDING APPLICABLE AMOUNT

<u>Date</u>	<u>Premium PAC Term Bond Outstanding Applicable Amount (\$)</u>	<u>Date</u>	<u>Premium PAC Term Bond Outstanding Applicable Amount (\$)</u>
--------------------	--	--------------------	--

and thereafter

EXHIBIT C

2025A CUMULATIVE APPLICABLE AMOUNT

<u>Date</u>	<u>2025A Cumulative Applicable Amount (\$)</u>	<u>Date</u>	<u>2025A Cumulative Applicable Amount (\$)</u>
--------------------	---	--------------------	---

and thereafter

EXHIBIT D

UNEXPENDED PROCEEDS REDEMPTION PRICE FOR
PREMIUM SERIAL BONDS, PREMIUM TERM BONDS AND PREMIUM PAC TERM BOND

NEW ISSUE - BOOK-ENTRY ONLY

RATINGS
Moody's: "___"
S&P: "___"
(See "RATINGS" herein)

Bracewell LLP, Bond Counsel, is of the opinion that, subject to certain conditions described herein and under existing law, interest on the Series 2025A Bonds (i) is excludable from gross income for federal income tax purposes and (ii) is not an item of tax preference for purposes of the alternative minimum tax on individuals. See "TAX MATTERS RELATING TO THE SERIES 2025A BONDS" herein, including information regarding potential alternative minimum tax consequences for corporations.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

\$ _____*
**Residential Mortgage Revenue Bonds,
Series 2025A
("Series 2025A Bonds")**

Dated Date/Delivery Date: _____, 2025*

Due: July 1 and January 1, as shown on the inside cover.

Interest Payment Dates: Interest accrued on the Series 2025A Bonds (the "Series 2025A Bonds") will be payable on each [July] 1 and [January] 1, commencing [July] 1, 2025* as described herein.

Interest Rates: Payable at the rates as shown on the inside cover.

Redemption: The Series 2025A Bonds are subject to redemption on the dates and at the Redemption Prices more fully described herein. See "THE SERIES 2025A BONDS – Redemption Provisions."

Denominations: The Series 2025A Bonds will be available to purchasers in book-entry form only in denominations of \$5,000 or any integral multiple thereof as described herein.

Tax Matters: Bracewell LLP, Bond Counsel, is of the opinion that, subject to certain conditions described herein and under existing law, (i) interest on the Series 2025A Bonds is excludable from gross income for federal income tax purposes and (ii) interest on the Series 2025A Bonds is not an item of tax preference for purposes of the alternative minimum tax on individuals. See "TAX MATTERS RELATING TO THE SERIES 2025A BONDS" herein.

Purpose: The Series 2025A Bonds are being issued for the primary purpose of providing funds for the purchase of mortgage-backed, pass-through certificates (the "Mortgage Certificates"), funding loans for down payment and closing cost assistance, and paying lender compensation related to the Mortgage Loans (as defined herein). The Mortgage Certificates purchased with the proceeds of the Series 2025A Bonds will be guaranteed as to timely payment of principal and interest by the Government National Mortgage Association ("Ginnie Mae") ("Ginnie Mae Certificates" or "GNMA Certificates"). See "APPENDIX B-1 – GNMA AND THE GNMA CERTIFICATES."

Security: The Series 2025A Bonds, the Prior Bonds (as defined herein), and, unless subordinated, all Bonds subsequently issued under the Trust Indenture (as defined herein) are equally and ratably secured by the Trust Estate (as defined herein) held by the Trustee under the Trust Indenture. The Series 2025A Bonds are limited obligations of the Department and are payable solely from the revenues and funds pledged for the payment thereof as more fully described herein. Neither the State of Texas (the "State") nor any agency of the State, other than the Department, nor the United States of America or any agency, department or other instrumentality thereof, including Ginnie Mae, is obligated to pay the principal or Redemption Price of or interest on the Series 2025A Bonds. Neither the faith and credit nor the taxing power of the State or the United States of America is pledged, given or loaned to such payment. The Department has no taxing power. Ginnie Mae guarantees only the payment of the principal of and interest on the Ginnie Mae Certificates when due and does not guarantee the payment of the Series 2025A Bonds or any other obligations issued by the Department. See "SECURITY FOR THE BONDS" and "THE TRUST INDENTURE."

Book-Entry Only System: The Series 2025A Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). See "APPENDIX H – SUMMARY OF INFORMATION REGARDING THE PROGRAM AND MORTGAGE LOANS AND OTHER MATTERS – DTC and Book-Entry."

Trustee: The Bank of New York Mellon Trust Company, N.A.

Bond Counsel: Bracewell LLP

Disclosure Counsel: McCall, Parkhurst & Horton L.L.P.

Underwriters' Counsel: Chapman and Cutler LLP

Financial Advisor: Stifel, Nicolaus & Co., Inc.

Jefferies
RBC Capital Markets
J.P. Morgan
Piper Sandler & Co.

Ramirez & Co., Inc.

Morgan Stanley
Loop Capital Markets
Wells Fargo Securities

* Preliminary, subject to change.

MATURITY SCHEDULE*

\$ _____ **Series 2025A Serial Bonds**

<u>Maturity Date</u>	<u>Principal Amount (\$)</u>	<u>Interest Rate</u>	<u>Price</u>	<u>CUSIP⁽¹⁾</u>
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\$ _____	% Series 2025A Term Bond due _____	1, 20__	Price _____	% CUSIP ⁽¹⁾ _____
\$ _____	% Series 2025A Term Bond due _____	1, 20__	Price _____	% CUSIP ⁽¹⁾ _____
\$ _____	% Series 2025A Premium Term Bond due _____	1, 20__	Price _____	% CUSIP ⁽¹⁾ _____
\$ _____	% Series 2025A Premium Term Bond due _____	1, 20__	Price _____	% CUSIP ⁽¹⁾ _____
\$ _____	% Series 2025A Premium PAC Term Bond due _____	1, 20__	Price _____	% CUSIP ⁽¹⁾ _____

(Interest Accrues from Date of Delivery)

* *Preliminary, subject to change.*

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For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission (the “Rule”), this document constitutes a Preliminary Official Statement of the Department with respect to the Series 2025A Bonds that has been “deemed final” by the Department as of its date except for the omission of no more than the information permitted by the Rule.

This Official Statement, which includes the cover page and inside front cover hereof, and the appendices attached hereto, does not constitute, and is not to be used in connection with, an offer to sell or the solicitation of an offer to buy the Series 2025A Bonds in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

The information set forth in this Official Statement has been obtained from the Department and other sources which are believed to be reliable. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information. This Official Statement contains, in part, estimates, assumptions and matters of opinion which are not intended as statements of fact, and no representation is made as to the correctness of such estimates, assumptions or matters of opinion, or as to the likelihood that they will be realized. Any information and expressions of opinion contained in this Official Statement are subject to change without notice, and neither the delivery of this Official Statement nor any sale made under such document shall, under any circumstances, create any implications that there has been no change in the affairs of the Department or other matters described herein since the date hereof.

Neither the Department nor the Underwriters make any representation as to the accuracy, completeness, or adequacy of the information supplied by The Depository Trust Company for use in this Official Statement.

The Trustee assumes no responsibility for this Official Statement and has not reviewed or undertaken to verify any information contained herein.

Many statements contained in this Official Statement, including the appendices and the documents included by specific cross-reference, that are not historical facts are forward-looking statements, which are based on the Department's beliefs, as well as assumptions made by, and information currently available to, the management and staff of the Department. Because the statements are based on expectations about future events and economic performance and are not statements of fact, actual results may differ materially from those projected. The words “anticipate,” “assume,” “estimate,” “expect,” “objective,” “projection,” “plan,” “forecast,” “goal,” “budget” or similar words are intended to identify forward-looking statements. The words or phrases “to date,” “now,” “currently,” and the like are intended to mean as of the date of this Official Statement.

The Department's projections set forth in this Official Statement were not prepared with a view toward complying with the guidelines established by the American Institute of Certified Public Accountants with respect to prospective financial information, but, in the view of the Department's management, were prepared on a reasonable basis, reflect the best currently available estimates and judgments, and present, to the best of management's knowledge and belief, the expected course of action and the expected future financial performance of the Department. However, this information is not fact and should not be relied upon as being necessarily indicative of future results, and readers of this Official Statement are cautioned not to place undue reliance on the prospective financial information. Neither the Department's independent auditors, nor any other independent accountants, have compiled, examined, or performed any procedures with respect to the prospective financial information contained herein, nor have they expressed any opinion or any other form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the prospective financial information.

IN CONNECTION WITH THE OFFERING OF THE SERIES 2025A BONDS, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH ARE INTENDED TO STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2025A BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING EFFORTS, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITERS MAY OFFER AND SELL THE SERIES 2025A BONDS TO CERTAIN DEALERS AND DEALER BANKS AND BANKS ACTING AS AGENTS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED HEREIN, AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS.

The Series 2025A Bonds have not been registered under the Securities Act of 1933, as amended, nor has the Trust Indenture or any other document been qualified under the Trust Indenture Act of 1939, as amended, in reliance upon exemptions contained in such acts. Any registration or qualification of the Series 2025A Bonds in accordance with applicable provisions of the securities laws or the states in which the Series 2025A Bonds have been registered or qualified and the exemption from registration or qualification in other states cannot be regarded as a recommendation thereof. Neither the Securities and Exchange Commission nor any other federal, state, municipal or other governmental entity, nor any agency or department thereof, has passed upon the merits of the Series 2025A Bonds or the accuracy or completeness of this Official Statement. Any representation to the contrary may be a criminal offense.

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OFFICIAL STATEMENT

Relating to

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

\$_____*

**Residential Mortgage Revenue Bonds
Series 2025A**

INTRODUCTION

This Official Statement provides certain information concerning the Texas Department of Housing and Community Affairs (the “Department”) in connection with the issuance of its Residential Mortgage Revenue Bonds, Series 2025A (the “Series 2025A Bonds”). Capitalized terms used but not otherwise defined herein shall have the respective meanings for such terms as set forth in “APPENDIX A – GLOSSARY.”

The Department, a public and official agency of the State of Texas (the “State”), was created and organized pursuant to and in accordance with the provisions of Chapter 2306, Texas Government Code, as amended (together with other laws of the State applicable to the Department, collectively, the “Act”) for the purpose of, among other things, financing sanitary, decent and safe housing for individuals and families of low and very low income and families of moderate income. The Department is the successor agency to the Texas Housing Agency (the “Agency”) and the Texas Department of Community Affairs (the “TDCA”), both of which were abolished by the Act and all functions and obligations of which were transferred to the Department pursuant to the Act. Under the Act, the Department may issue bonds, notes and other obligations to finance or refinance residential housing and multi-family developments located in the State and to refund bonds previously issued by the Agency, the Department or certain other quasi-governmental issuers. See “THE DEPARTMENT.”

The Series 2025A Bonds are authorized to be issued pursuant to the Act, a resolution adopted by the Governing Board of the Department (the “Board”) on October 10, 2024, (the “Resolution”), the Pricing Certificate (as hereafter defined), an Amended and Restated Residential Mortgage Revenue Bond Trust Indenture, dated as of July 1, 2019 (the “Master Indenture” and as amended and supplemented from time to time, collectively, the “Trust Indenture”) between the Department and The Bank of New York Mellon Trust Company, N.A., Houston, Texas, as trustee (the “Trustee”) and a Forty-Fifth Supplemental Residential Mortgage Revenue Bond Trust Indenture dated as of [February] 1, 2025 (the “Forty-Fifth Supplemental Indenture”). As permitted by Chapter 1371, Texas Government Code, as amended (“Chapter 1371”), the Board in the Resolution delegated the authority to certain authorized representatives (each, an “Authorized Representative”) to execute a pricing certificate (each a “Pricing Certificate”) specifying final pricing terms with respect to the Series 2025A Bonds. The Trust Indenture authorizes the Department to issue bonds to provide funds to, among various things, (i) acquire or refinance single family mortgage loans or participations therein (“Mortgage Loans”) that are made to Eligible Borrowers, as determined from time to time by the Department, (ii) purchase mortgage-backed securities (the “Mortgage Certificates”) that are backed by Mortgage Loans and guaranteed by the Government National Mortgage Association (“GNMA” or “Ginnie Mae”), (iii) refund Outstanding Bonds issued under the Trust Indenture, and (iv) to pay costs associated therewith.

The Department has previously issued multiple series of single family mortgage revenue bonds (the “Prior Bonds”) under the Trust Indenture of which \$1,521,314,043 in aggregate principal amount was

* Preliminary, subject to change.

Outstanding as of July 31, 2024. See “APPENDIX H – SUMMARY OF INFORMATION REGARDING THE PROGRAM AND MORTGAGE LOANS AND OTHER MATTERS – The Prior Bonds.”

The Series 2025A Bonds, the Prior Bonds and, unless subordinated, all bonds subsequently issued pursuant to the Trust Indenture (collectively, the “Bonds”) are equally and ratably secured by the Trust Estate held by the Trustee pursuant to the Trust Indenture. See “THE TRUST INDENTURE” and “SECURITY FOR THE BONDS – Additional Bonds.”

Proceeds of the Series 2025A Bonds in the amount of \$137,630 million (preliminary; amount subject to change) are being issued for the primary purpose of (i) providing funds for the purchase of Mortgage Certificates guaranteed as to timely payment of principal and interest by Ginnie Mae (such Mortgage Certificates purchased with proceeds of the Series 2025A Bonds referred to herein as the “2025A Mortgage Certificates”) which represent beneficial ownership of pools of Mortgage Loans, (ii) funding loans for down payment and closing cost assistance (as hereinafter defined, the “DPA Loans”), and (iii) paying lender compensation related to the 2025A Mortgage Loans. See “PLAN OF FINANCE.”

Proceeds of the Series 2025A bonds in the amount of \$37,370 million (preliminary; amount subject to change) are being used as part of the Department’s volume cap recycling program to repay amounts owed under the Advances and Securities Agreement between the Federal Home Loan Bank of Dallas and the Department, representing recycled mortgage loan repayments, thereby (i) providing funds for the purchase of 2025A Mortgage Certificates, (ii) funding DPA Loans, and (iii) paying lender compensation related to the 2025A Mortgage Loans. See “PLAN OF FINANCE.”

The Series 2025A Bonds are on a parity in all respects with all Outstanding Prior Bonds and, unless subordinated, any Bonds subsequently issued. The Prior Bonds are payable solely from and are secured by a pledge of and lien on the Revenues, Mortgages, Mortgage Loans (including Mortgage Certificates), Investment Securities, moneys held in the Funds (excluding the Rebate Fund) and other property pledged under the Trust Indenture (collectively, the “Trust Estate”). The Trust Estate currently includes, among other things, Mortgage Certificates which were purchased with the proceeds of the Prior Bonds. These Mortgage Certificates are guaranteed by GNMA or Fannie Mae. See “APPENDIX H – SUMMARY OF INFORMATION REGARDING THE PROGRAM AND MORTGAGE LOANS AND OTHER MATTERS – The Prior Bonds – Mortgage Loans and Mortgage Certificates.” There is no requirement that proceeds of subsequent issues of Bonds be used to purchase Mortgage Certificates. All payments with respect to principal of and interest on Mortgage Loans (net of servicing fees) and on Mortgage Certificates (net of servicing and guaranty fees) received by the Department and the earnings on investments of Funds and accounts held pursuant to the Trust Indenture constitute Revenues. The pledge of and lien on the Trust Estate is subject to discharge if moneys or qualified securities sufficient to provide for the payment of all Outstanding Bonds are deposited and held in trust for such payment. See “SECURITY FOR THE BONDS.”

THE SERIES 2025A BONDS ARE LIMITED OBLIGATIONS OF THE DEPARTMENT AND ARE PAYABLE SOLELY FROM THE REVENUES AND FUNDS PLEDGED FOR THE PAYMENT THEREOF AS MORE FULLY DESCRIBED HEREIN. NEITHER THE STATE NOR ANY AGENCY OF THE STATE, OTHER THAN THE DEPARTMENT, NOR THE UNITED STATES OF AMERICA OR ANY AGENCY, DEPARTMENT OR OTHER INSTRUMENTALITY THEREOF, INCLUDING GNMA AND FANNIE MAE, IS OBLIGATED TO PAY THE PRINCIPAL OR REDEMPTION PRICE OF, OR INTEREST ON, THE SERIES 2025A BONDS. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OR THE UNITED STATES OF AMERICA IS PLEDGED, GIVEN OR LOANED TO SUCH PAYMENT. THE DEPARTMENT HAS NO TAXING POWER. GNMA AND FANNIE MAE GUARANTEE ONLY THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE GNMA CERTIFICATES AND FANNIE MAE CERTIFICATES, RESPECTIVELY, WHEN

DUE AND DO NOT GUARANTEE THE PAYMENT OF THE SERIES 2025A BONDS OR ANY OTHER OBLIGATIONS ISSUED BY THE DEPARTMENT.

There follows in this Official Statement a brief description of the plan of finance, the Department and its bond programs, together with summaries of certain terms of the Series 2025A Bonds, the Trust Indenture, and certain provisions of the Act, as well as other matters. All references herein to the Act, the Trust Indenture, and other agreements are qualified in their entirety by reference to each such document, copies of which are available from the Department, and all references to the Series 2025A Bonds are qualified in their entirety by reference to the definitive forms thereof and the information with respect thereto contained in the Trust Indenture.

For information concerning the Prior Bonds and the Mortgage Loans and Mortgage Certificates acquired with proceeds of the Prior Bonds, see “APPENDIX H – SUMMARY OF INFORMATION REGARDING THE PROGRAM AND MORTGAGE LOANS AND OTHER MATTERS – The Prior Bonds” and “APPENDIX D-1 – ADDITIONAL INFORMATION CONCERNING MORTGAGE CERTIFICATES.” For information concerning other single family and multi-family programs of the Department, see “APPENDIX D-2 – BOND SUMMARY OF THE TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS.”

PLAN OF FINANCE

Proceeds of the Series 2025A Bonds will be deposited to the 2025A Mortgage Loan Account of the Mortgage Loan Fund, and used to (a) purchase 2025A Mortgage Certificates and pay related costs, and (b) fund all or a portion of the DPA Loans originated in conjunction with Assisted Mortgage Loans. A portion of the proceeds of the Series 2025A Bonds will also be used to pay a portion of the costs of issuance of the Series 2025A Bonds. See “SOURCES AND USES OF FUNDS” herein.

SOURCES AND USES OF FUNDS

The sources of funds and the uses thereof in connection with the Series 2025A Bonds are expected to be approximately as set forth below.

	<u>SERIES 2025A BONDS</u>	<u>TOTAL</u>
<u>SOURCES OF FUNDS</u>		
Bond Proceeds		
Issuer Contribution ⁽¹⁾		
TOTAL SOURCES		
<u>USES OF FUNDS</u>		
Mortgage Loan Accounts ⁽²⁾		
Underwriter Compensation		
Costs of Issuance		
TOTAL USES		

⁽¹⁾ An additional amount not to exceed \$[10,000,000] of Trust Indenture funds may be used for capitalized interest related to the Series 2025A.

⁽²⁾ Includes the purchase of 2025A Mortgage Certificates and funds attributed to down payment assistance, lender compensation, and servicing fees for second mortgage loans.

THE SERIES 2025A BONDS

General

The Series 2025A Bonds will be dated the date of delivery. The Series 2025A Bonds are issuable only as fully registered bonds, without coupons, and will be registered in the name of Cede & Co., as

registered owner and nominee for The Depository Trust Company, New York, New York (“DTC”), which will act as the Bond Depository for the Series 2025A Bonds. The Series 2025A Bonds will be available to purchasers in book-entry form only in denominations of \$5,000 or any integral multiple thereof, as more fully described herein. The principal or Redemption Price of, and interest on, the Series 2025A Bonds will be payable by the Trustee to DTC, which will be responsible for making such payments to DTC Participants (hereinafter defined) for subsequent remittance to the owners of beneficial interests in the Series 2025A Bonds or their nominees. See “APPENDIX H – SUMMARY OF INFORMATION REGARDING THE PROGRAM AND MORTGAGE LOANS AND OTHER MATTERS – DTC and Book-Entry.”

The Series 2025A Bonds mature on the dates and in the amounts set forth on the inside cover hereof.

Interest Rates

The Series 2025A Bonds will accrue interest from the date of delivery, until maturity or prior redemption at the respective per annum rates of interest set forth on the inside cover page hereof. Interest accrued on the Series 2025A Bonds will be payable on [July] 1, 2025*, and semiannually on each [July] 1 and [January] 1 thereafter until maturity or prior redemption. Interest on the Series 2025A Bonds will be calculated on the basis of a 360-day year composed of twelve 30-day months.

Redemption Provisions*

The Series 2025A Bonds are subject to optional redemption, special redemption, and mandatory sinking fund redemption at various times prior to their scheduled maturities at various Redemption Prices as described below. **The Department anticipates that a significant portion of the Series 2025A Bonds will be redeemed prior to their scheduled maturities as the result of the receipt by the Department of amounts representing Mortgage Loan Principal Payments (consisting of all amounts representing scheduled payments of principal and any Mortgage Loan Principal Prepayments) and from Excess Revenues (including residual Trust Indenture revenues whether or not derived in connection with the Series 2025A Bonds).**

Special Redemption from Unexpended Proceeds of Series 2025A Bonds

The Series 2025A Bonds are subject to special redemption from unexpended proceeds of the Series 2025A Bonds, at any time, prior to their stated maturities, in whole or in part. The Redemption Price of the Series 2025A Bonds to be so redeemed shall be equal to (a) for all Series 2025A Bonds other than the Premium Serial Bonds, the Premium Term Bonds and the Premium PAC Term Bond, 100% of the principal amount thereof; (b) for the Premium PAC Term Bond, the applicable Redemption Price as set forth in “APPENDIX G – UNEXPENDED PROCEEDS REDEMPTION PRICE FOR PREMIUM SERIAL BONDS, PREMIUM TERM BONDS, PREMIUM PAC TERM BOND AND TAXABLE PAC TERM BOND,” that maintains the original yield to the Projected Weighted Average Life (in Years) from 100% through 400%, inclusive (Optional Call not Exercised), of the SIFMA Prepayment Model of such Premium PAC Term Bond as set forth under “Average Life and Prepayment Speeds”; and (c) for the Premium Serial Bonds and the Premium Term Bonds, the applicable Redemption Price as set forth in “APPENDIX G – UNEXPENDED PROCEEDS REDEMPTION PRICE FOR PREMIUM SERIAL BONDS, PREMIUM TERM BONDS, PREMIUM PAC TERM BOND AND TAXABLE PAC TERM BOND,” that maintains, respectively, the original yield to (i) the maturity dates of such Premium Serial Bonds and (ii) the optional redemption date of ____ 1, 20__ of the Premium Term Bonds; plus, in any case, accrued interest thereon to, but not including, the date of redemption. Notwithstanding the foregoing, a De Minimis Special Redemption shall be treated as a Special Redemption from Mortgage Loan Principal Payments relating to the 2025A

* Preliminary, subject to change.

Mortgage Certificates and Series 2025A Bonds shall be redeemed as described under “Special Redemption from 2025A Mortgage Loan Principal Payments” below.

Such Special Redemption from Unexpended Proceeds shall occur on the first day of any month on or after _____, 20__, unless the Certificate Purchase Period is extended in accordance with the Trust Indenture. In no event will the redemption occur later than [August 1, 2028].

As described in “INVESTMENT CONSIDERATIONS – Non-Origination of Mortgage Loans,” in calendar year 2024, the Department has averaged approximately \$57.5 million per month in GNMA mortgage-backed securities issued that are backed by tax-exempt bond eligible mortgage loans, exclusive of loans for which a mortgage credit certificate was issued. The Department has not had an unexpended proceeds call since November 1, 2010.

Except for the De Minimis Special Redemption, the Series 2025A Bonds to be redeemed as described in this subcaption shall be selected by the Trustee on a pro rata basis among all maturities unless otherwise directed by the Department pursuant to a Letter of Instructions accompanied by a Cashflow Certificate (as defined herein).

Special Redemption from 2025A Mortgage Loan Principal Payments

The Series 2025A Bonds, other than the Premium Serial Bonds, are subject to redemption prior to maturity and shall be redeemed, in whole or in part, from time to time on the first day of any month on or after _____, 20__, after giving notice as provided in the Trust Indenture, at a Redemption Price equal to 100% of the principal amount of the Series 2025A Bonds or portions thereof to be redeemed, plus accrued interest to, but not including, the redemption date, from certain amounts relating to Mortgage Loan Principal Payments from the 2025A Mortgage Certificates transferred to the 2025A Special Redemption Account in accordance with the Trust Indenture.

In the event of a redemption from Mortgage Loan Principal Payments, the Trustee shall select the particular Series 2025A Bonds to be redeemed as follows:

- (a) the Trustee shall redeem the Premium PAC Term Bond, but only to the extent that the Outstanding principal amount of such Premium PAC Term Bond following any such redemption is not less than the Premium PAC Term Bond Outstanding Applicable Amount as of such date;

The Premium PAC Term Bond Outstanding Applicable Amount is as follows:

Date	Premium PAC Term Bond Outstanding Applicable Amount (\$)	Date	Premium PAC Term Bond Outstanding Applicable Amount (\$)

Premium PAC Term Bond
Outstanding Applicable
Date Amount (\$)

Premium PAC Term Bond
Outstanding Applicable
Date Amount (\$)

<u>Date</u>	<u>Premium PAC Term Bond Outstanding Applicable Amount (\$)</u>	<u>Date</u>	<u>Premium PAC Term Bond Outstanding Applicable Amount (\$)</u>
-------------	---	-------------	---

(b) amounts remaining following the redemptions described in clause (a) above shall be applied, unless otherwise directed by a Letter of Instructions accompanied by a Cashflow Certificate, (i) first to redeem the Series 2025A Bonds maturing _____, 20__, and (ii) thereafter, to redeem all other Series 2025A Bonds (other than the Premium PAC Term Bond and the Premium Serial Bonds), including the Premium Term Bonds, on a proportionate basis until the Outstanding principal amount of all Series 2025A Bonds has been reduced to the Series 2025A Cumulative Applicable Amount as of such date;

The Series 2025A Cumulative Applicable Amount is as follows:

<u>Date</u>	<u>Series 2025A Cumulative Applicable Amount (\$)</u>	<u>Date</u>	<u>Series 2025A Cumulative Applicable Amount (\$)</u>
-------------	---	-------------	---

Date	Series 2025A Cumulative Applicable Amount (\$)	Date	Series 2025A Cumulative Applicable Amount (\$)
------	---	------	---

(c) amounts remaining following the redemptions described in clauses (a) and (b) above shall be applied monthly, unless otherwise directed by a Letter of Instructions accompanied by a Cashflow Certificate, to redeem all Series 2025A Bonds (excluding the Premium Serial Bonds, but including the Premium PAC Term Bond and the Premium Term Bonds), on a proportionate basis after taking into account the amounts applied to redeem the Series 2025A Bonds pursuant to the above-described redemptions.

If any Series 2025A Bonds are redeemed as described in “Special Redemption from Unexpended Proceeds of Series 2025A Bonds” herein (other than a De Minimis Special Redemption), the Premium PAC

Term Bond Outstanding Applicable Amount and the Series 2025A Cumulative Applicable Amount described for the current and each future period will be reduced on a proportionate basis.

Special Redemption From Excess Revenues

The Series 2025A Bonds, other than the Premium Serial Bonds, are subject to redemption prior to maturity and may be redeemed, in whole or in part from time to time, on the first day of any month on or after _____ 1, 2025, after giving notice as provided in the Trust Indenture and in accordance with a Letter of Instructions, at a Redemption Price equal to one hundred percent (100%) of the principal amount of the Series 2025A Bonds or portions thereof to be redeemed, plus accrued interest to, but not including, the redemption date from amounts transferred to the 2025A Special Redemption Account from the Residual Revenues Fund in accordance with the Forty-Fifth Supplemental Indenture (whether or not derived in connection with the Series 2025A Bonds).

In the event of a redemption from Excess Revenues, the Trustee shall apply amounts transferred to the 2025A Special Redemption Account from the Residual Revenues Fund in accordance with the Trust Indenture to redeem the Series 2025A Bonds Outstanding in the same manner described in clauses (a) and (b) under “Special Redemption from 2025A Mortgage Loan Principal Payments” above, unless otherwise instructed by the Department pursuant to a Letter of Instructions accompanied by a Cashflow Certificate.

Optional Redemption

The Series 2025A Bonds (except for the Premium PAC Term Bond) maturing on or after [January 1, 2034], are subject to redemption prior to maturity, in whole or in part, at any time and from time to time, on and after [January 1, 2034], at the option of the Department after giving notice as provided in the Trust Indenture, at a Redemption Price equal to 100% of the principal amount of such Series 2025A Bonds or portions thereof to be redeemed, plus accrued interest, if any, to, but not including, the redemption date.

The Premium PAC Term Bond is subject to redemption prior to maturity, in whole or in part at any time and from time to time, on and after [January 1, 2034], at the option of the Department after giving notice as provided in the Trust Indenture, at the Redemption Prices set forth below (expressed as a percentage of the principal amount to be redeemed), in each case together with interest accrued thereon to, but not including, the redemption date:

Redemption Date

Redemption Price

If the Premium PAC Term Bond is redeemed on a date other than a redemption date listed above, the Redemption Price, as of such redemption date, will be determined by the Department using straight-line interpolation between the Redemption Prices for the redemption dates listed above immediately preceding and succeeding such redemption date.

Mandatory Sinking Fund Redemption

The Series 2025A Bonds maturing on the respective dates specified below are subject to scheduled mandatory redemption prior to maturity and shall be redeemed after giving notice as provided in the Trust Indenture, in the aggregate principal amounts and on the dates set forth in the following tables, at a Redemption Price equal to 100% of the principal amount of such Series 2025A Bonds or portions thereof to be redeemed, plus accrued interest if any, to, but not including, the redemption date:

Term Bond Maturing _____ 1, 20__

Redemption Date	Principal Amount (\$)	Redemption Date	Principal Amount (\$)
--------------------	--------------------------	--------------------	--------------------------

*

*Final Maturity

Term Bond Maturing _____ 1, 20__

Redemption Date	Principal Amount (\$)	Redemption Date	Principal Amount (\$)
--------------------	--------------------------	--------------------	--------------------------

*

*Final Maturity

Term Bond Maturing _____ 1, 20__

Redemption Date	Principal Amount (\$)	Redemption Date	Principal Amount (\$)
--------------------	--------------------------	--------------------	--------------------------

*

*Final Maturity

Term Bond Maturing _____ 1, 20__

<u>Redemption Date</u>	<u>Principal Amount (\$)</u>	<u>Redemption Date</u>	<u>Principal Amount (\$)</u>
----------------------------	----------------------------------	----------------------------	----------------------------------

*

*Final Maturity

Premium PAC Term Bond Maturing _____ 1, 20__

<u>Redemption Date</u>	<u>Principal Amount (\$)</u>	<u>Redemption Date</u>	<u>Principal Amount (\$)</u>
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*

*Final Maturity

The principal amount of the Series 2025A Bonds to be redeemed on each such redemption date pursuant to mandatory sinking fund redemption shall be reduced by the principal amount of any Series 2025A Bonds having the same stated maturity and interest rate, which (A) at least 45 days prior to such

mandatory sinking fund redemption date, (1) shall have been acquired by the Department and delivered to the Trustee for cancellation, or (2) shall have been acquired and canceled by the Trustee at the direction of the Department, or (3) shall have been redeemed other than pursuant to scheduled mandatory redemption, and (B) shall have not been previously credited against a scheduled mandatory sinking fund redemption.

Partial Redemption

Except as described in “THE SERIES 2025A BONDS – Redemption Provisions – Special Redemption from Unexpended Proceeds of Series 2025A Bonds,” “THE SERIES 2025A BONDS – Redemption Provisions – Special Redemption from 2025A Mortgage Loan Principal Payments” “THE SERIES 2025A BONDS – Redemption Provisions – Special Redemption from Excess Revenues,” if less than all of the Series 2025A Bonds of the same maturity and interest rate shall be called for prior redemption, the particular Series 2025A Bonds or portions of Series 2025A Bonds to be redeemed in part shall be selected at random by the Trustee in such manner as the Trustee in its discretion may deem fair and appropriate; provided, however, that any Series 2025A Bond redeemed in part shall be redeemed in an amount such that the unredeemed portion thereof shall equal an Authorized Denomination, and provided further that, in selecting Series 2025A Bonds for redemption, the Trustee shall treat each Series 2025A Bond in a denomination greater than the minimum Authorized Denomination as representing that number of Series 2025A Bonds of the minimum Authorized Denomination which is obtained by dividing the Principal Amount at maturity of such Series 2025A Bond by the minimum Authorized Denomination. See “APPENDIX H – SUMMARY OF INFORMATION REGARDING THE PROGRAM AND MORTGAGE LOANS AND OTHER MATTERS – DTC and Book-Entry.”

Notice of Redemption

Except as provided below, the Trustee shall give notice, in the name of the Department, of the redemption of Series 2025A Bonds to the holders thereof, which notice shall specify the maturity and interest rates of the Series 2025A Bonds to be redeemed, the redemption date and the method and place or places of payment of the Redemption Price of such Series 2025A Bonds, the conditions, if any, to such redemption and, if less than all of the Series 2025A Bonds are to be redeemed, the letters and numbers or other distinguishing marks of such Series 2025A Bonds so to be redeemed, and, in the case of Series 2025A Bonds to be redeemed in part only, such notices shall also specify the respective portions of the principal amounts thereof to be redeemed. Such notice shall further state that on such date there shall become due and payable upon each Series 2025A Bond to be redeemed the Redemption Price thereof, or the Redemption Price of the specified portions of the principal amount thereof, in the case of Series 2025A Bonds to be redeemed in part only, together with interest accrued to the redemption date, and that from and after such date interest thereon shall cease to accrue and be payable. If applicable, such notice shall provide that the redemption of the Series 2025A Bonds is conditioned upon moneys being available for such purpose on the redemption date or such other conditions as may be set forth in such notice. See “THE SERIES 2025A BONDS – Conditional Notices of Redemption.”

The Trustee shall mail a copy of such notice by first class mail, postage prepaid, not less than 30 days, nor more than 60 days prior to the redemption date to the holders of any Series 2025A Bonds or portions thereof which are to be redeemed, at the address shown on the registration books maintained by the Trustee.

Conditional Notices of Redemption

The Department reserves the right to give notice of its election or direction to redeem Series 2025A Bonds conditioned upon the occurrence of subsequent events.

Payment of Redeemed Bonds

Notice having been given as provided in the Trust Indenture, the Series 2025A Bonds or portions thereof so called for redemption shall become due and payable on the redemption date so designated at the Redemption Price, plus interest accrued and unpaid to the redemption date. If there shall be called for redemption less than all of a Series 2025A Bond, the Department shall execute and the Trustee shall authenticate and deliver, upon the surrender of such Series 2025A Bond, without charge to the owner thereof, for the unredeemed balance of the principal amount of the Series 2025A Bond so surrendered, Series 2025A Bonds of like maturity, interest rate and aggregate principal amount in any Authorized Denomination. If, on the redemption date, moneys for the redemption of all the Series 2025A Bonds or portions thereof of any like maturity to be redeemed, together with interest to the redemption date, shall be held by the Trustee so as to be available therefor on said date and if notice of redemption shall have been given as specified in the Trust Indenture, then, from and after the redemption date, interest on the Series 2025A Bonds or portions thereof of like maturity so called for redemption shall cease to accrue and become payable. If such moneys shall not be available on the redemption date, such Series 2025A Bonds or portions thereof shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption.

Purchase in Lieu of Redemption

The Trust Indenture permits the purchase of Bonds, including the Series 2025A Bonds, in the open market in lieu of redemption of such Series 2025A Bonds. Any such purchase may be at a price not exceeding the then applicable Redemption Price for such Series 2025A Bonds.

Average Life and Prepayment Speeds

Prepayments on mortgage loans are commonly measured relative to a prepayment standard or model. The SIFMA Prepayment Model represents an assumed monthly rate of prepayment of the then outstanding principal balance of a pool of new mortgage loans. The SIFMA Prepayment Model does not purport to be either an historical description of the prepayment of any pool of mortgage loans or a prediction of the anticipated rate of prepayment of any pool of mortgage loans, including the 2025A Mortgage Certificates. One hundred percent (100%) of the SIFMA Prepayment Model assumes prepayment rates of 0.2 percent per year of the then unpaid principal balance of such mortgage loans in the first month of the life of the mortgage loans and an additional 0.2 percent per year in each month thereafter (for example, 0.4 percent per year in the second month) until the 30th month. Beginning in the 30th month and in each month thereafter during the life of the mortgage loans, 100 percent of the SIFMA Prepayment Model assumes a constant prepayment rate of six percent per year. Multiples will be calculated from this prepayment rate speed e.g., 200 percent of the SIFMA Prepayment Model assumes prepayment rates will be 0.4 percent per year on month one, 0.8 percent per year in month two, reaching 12 percent per year in month 30 and remaining constant at 12 percent per year thereafter. The amounts shown in the tables under “THE SERIES 2025A BONDS—Redemption Provisions – Special Redemption from 2025A Mortgage Loan Principal Payments” above for Premium PAC Term Bond Outstanding Applicable Amount and for Series 2025A Cumulative Applicable Amount and the amounts shown in the tables are based on many assumptions, including (i) receipt of prepayments on the 2025A Mortgage Loans equal to 100 percent of SIFMA's standard prepayment model (as further described below) (the “SIFMA Prepayment Model”) in the case of Premium PAC Term Bond Outstanding Applicable Amount and 400 percent of the SIFMA Prepayment Model in the case of the Series 2025A Cumulative Outstanding Applicable Amount; (ii) that 100 percent of the moneys on deposit in the 2025A Mortgage Loan Account attributable to the proceeds of the Series 2025A Bonds will be used to purchase 2025A Mortgage Certificates.

The following table assumes, among other things, that:

- (i) all amounts in the 2025A Mortgage Loan Account will be used to purchase 2025A Mortgage Certificates and DPA Loans;
- (ii) 2025A Mortgage Loans will be purchased on average on _____, 2025;
- (iii) \$_____ of 2025A Mortgage Loans (Non-Targeted Areas) will have an original term of 30 years with three (3) points of repayable DPA Loans and have an average interest rate of ____% per annum;
- (iv) \$_____ of 2025A Mortgage Loans (Targeted Areas) will have an original term of 30 years with three (3) points of repayable DPA Loans and have an average interest rate of ____% per annum;
- (v) \$_____ of 2025A Mortgage Loans (Non-Targeted Areas) will be “Low Rate Option Loans” with an original term of 30 years with no DPA Loans and have an average interest rate of ____% per annum;
- (vi) \$_____ of 2025A Mortgage Loans (Targeted Areas) will be “Low Rate Option Loans” with an original term of 30 years with no DPA Loans and have an average interest rate of ____% per annum;
- (vii) Trustee's fees will be .02% per annum of Series 2025A Bonds outstanding with an annual minimum of \$3,500 payable monthly;
- (viii) 2025A Mortgage Loans prepay at the indicated percentage of the SIFMA Prepayment Model;
- (ix) all 2025A Mortgage Loans are pooled and assigned to GNMA upon the issuance to the Trustee of GNMA Certificates and payments on such Mortgage Certificates are timely made and used on a timely basis to redeem the Series 2025A Bonds, as described in (xiii) and (xiv) below;
- (x) the Series 2025A Bonds are not redeemed pursuant to unexpended proceeds redemption;
- (xi) the Series 2025A Bonds, other than the Premium PAC Term Bond and the Taxable PAC Term Bond where noted, are not redeemed pursuant to optional redemption;
- (xii) no amounts allocable to any other series of Bonds are used to cross-call the Series 2025A Bonds and no amounts allocable to the Series 2025A Bonds are used to cross-call any other series of Bonds;
- (xiii) the Investment Securities held in each of the 2025A Mortgage Loan Account will pay interest at the rate of 0% per annum and the Investment Securities held in the 2025A Revenue Fund, will pay interest at the rate of 0% per annum for the first three years and 0.05% per annum thereafter;
- (xiv) Series 2025A Bonds will be redeemed monthly as described under “THE SERIES 2025A BONDS – Redemption Provisions – Special Redemption from 2025A Mortgage Loan Principal Payments” for the Series 2025A; and
- (xv) Series 2025A Bonds will be redeemed semi-annually as described under “THE SERIES 2025A BONDS – Redemption Provisions – Special Redemption from Excess Revenues” for the Series 2025A Bonds.

Based on the foregoing and other assumptions, some or all of which may not reflect actual experience, the tables below indicate the projected weighted average lives of the following Term Bonds.

Projected Weighted Average Life (in Years)⁽¹⁾

Series 2025A						
					Premium PAC Term Bond Due _____	
SIFMA Prepayment Model	Term Bond due _____	Term Bond due _____	Premium Term Bond due _____	Premium Term Bond due _____	Optional Call not Exercised	Optional Call Exercised
0%						
50%						
75%						
100%						
125%						
150%						
175%						
200%						
300%						
400%						
500%						

⁽¹⁾ The weighted average life of a bond is determined by (i) multiplying the amount of each principal payment by the number of years from the date of issuance of the bonds to the related principal payment date, (ii) adding the results and (iii) dividing the sum by the total principal paid on the bond.

In addition to the table above, “APPENDIX F – TABLE OF PROJECTED WEIGHTED AVERAGE LIFE DATA AT VARIOUS PREPAYMENT SPEEDS” sets forth a table of additional average life-related data at various prepayment speeds.

The holder of less than all of the Outstanding principal amount of a Premium PAC Term Bond, Taxable PAC Term Bond, or a Term Bond may not achieve the results indicated above. The Department does not undertake to update this table or any other projections contained in this Official Statement based on the Department's actual experience with respect to repayment and prepayment of the Series 2025A Bonds. See “INVESTMENT CONSIDERATIONS” herein for a discussion of certain factors that may affect the rate of repayments of the Mortgage Loans.

The SIFMA Prepayment Benchmark does not purport to be a prediction of the anticipated rate of Prepayments of the Mortgage Loans, and there is no assurance that the prepayments of the Mortgage Loans will conform to any of the assumed prepayment rates. See “INVESTMENT CONSIDERATIONS” herein for a discussion of certain factors that may affect the rate of Prepayments of the Mortgage Loans. The Department makes no representation as to the percentage of the principal balance of the Mortgage Loans that will be paid as of any date or as to the overall rate of prepayment. Investors may view the Department's website for information regarding the Trust Estate, including information regarding Mortgage Loans and Mortgage Certificates. Investors should be aware of the disclaimers before viewing, particularly the Department's representation that it has no obligation to update its website.

The information set forth above with respect to the prepayment experience (as a percentage of the SIFMA Prepayment Model) has been obtained from sources which are believed to be reliable, but such information is not guaranteed as to accuracy or completeness and is not to be construed as a representation of the Department, the Financial Advisor or the Underwriters.

The achievement of certain results or other expectations contained in this section involves known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied in this section. The Department does not expect or intend to issue any updates or revisions to this section if or when its expectations, or events, conditions or circumstances on which such statements are based, occur or fail to occur.

SECURITY FOR THE BONDS

Pledge of Trust Indenture

The Bonds, including the Series 2025A Bonds, the Prior Bonds and, unless subordinated, all bonds subsequently issued pursuant to the Trust Indenture are equally and ratably secured by the Trust Indenture for the equal benefit, protection and security of the owners of the Bonds, each of which, regardless of time of issuance or maturity, is to be of equal rank without preference, priority or distinction, except as otherwise provided in the Trust Indenture.

Principal or Redemption Price of and interest on all Bonds are payable solely from and are secured by a pledge of and lien on the Trust Estate, which consists generally of the Revenues, Mortgages, Mortgage Loans (including Mortgage Certificates), money, and Investment Securities held in the Funds (excluding the Rebate Fund), and other property pledged under the Trust Indenture and any Supplemental Indenture. Revenues include all payments with respect to the Mortgage Loans (net of servicing, accounting and collection fees) which include Mortgage Certificates (net of servicing and guaranty fees) and the earnings on investments of amounts held under the Trust Indenture and any Supplemental Indenture. Revenues do not include payments made in order to obtain or maintain mortgage insurance and fire and other hazard insurance with respect to Mortgage Loans (including Mortgage Certificates), and any payments required to be made with respect to Mortgage Loans (including Mortgage Certificates) for taxes, other governmental charges, and other similar charges customarily required to be escrowed on mortgage loans or commitment fees or other financing charges paid by a Mortgage Lender or the Master Servicer to the Department in connection with a commitment to sell and deliver Mortgage Loans (including Mortgage Certificates) to the Department.

The structure of Program 110 allows Eligible Borrowers to choose between Mortgage Loans offered either at various levels of down payment assistance (“Assisted Option”) or without an accompanying DPA Loan (“Low Rate Option”). Mortgage Loans will bear interest at annual rates announced from time to time by the Department. All Assisted Option Loans are accompanied by a DPA Loan that provides funds for down payment and closing cost assistance in the form of a second lien loan with no stated interest in an amount equal to a percentage of the original principal amount of the related first lien Assisted Loan. DPA Loans are due on sale, refinance, or repayment of the first mortgage, and have a thirty year term. Borrowers choosing the Low Rate Option do not receive down payment or closing cost assistance. The Department reserves the right to modify the down payment assistance options available through Program 110 at any time.

The Series 2025A Bonds are limited obligations of the Department and are payable solely from the Revenues and funds pledged for the payment thereof as more fully described herein. Neither the State nor any agency of the State, other than the Department, nor the United States of America nor any agency, department or other instrumentality thereof, including GNMA, and Fannie Mae, is obligated to pay the principal or Redemption Price of, or interest on, the Series 2025A Bonds. Neither the faith and credit nor the taxing power of the State or the United States of America is pledged, given or loaned to such payment. The Department has no taxing power. GNMA and Fannie Mae guarantee only the payment of the principal of and interest on the GNMA Certificates and Fannie Mae Certificates, respectively, when due and do not guarantee the payment of the Series 2025A Bonds or any other obligations issued by the Department.

Supplemental Mortgage Security

The Trust Indenture requires that each Mortgage Loan be further secured by Supplemental Mortgage Security, if any, as provided in the Supplemental Indenture authorizing the Series of Bonds used to purchase such Mortgage Loan. Pursuant to the 2024 Supplemental Indentures, the Department has

determined that the Supplemental Mortgage Security for the 2024 Mortgage Loans shall be the guaranty of timely payment of principal and interest provided by Ginnie Mae pursuant to the Ginnie Mae Certificates.

Cashflow Statement and Asset Test

The Department is required to deliver periodically a “Cashflow Statement” prepared or verified by a nationally-recognized firm experienced in preparing mortgage revenue bond cashflows, comparing estimates of Revenues with the debt service requirements and Department Expenses with respect to Outstanding Bonds, which Cashflow Statement must demonstrate the sufficiency of such Revenues to pay scheduled debt service on the Bonds and Department Expenses at their respective requirements under each of the scenarios required by the Rating Agencies. Under the terms of the Trust Indenture, such Cashflow Statements must incorporate certain assumptions concerning Mortgage Loan Principal Prepayments, reinvestment rates, expenses and certain other assumptions as required by the Rating Agencies. The Cashflow Statement is required to be prepared (i) upon the issuance of a Series of Bonds; (ii) upon the adjustment of the interest rate or rates on a Series of Bonds, unless otherwise required by the applicable Series Supplement; (iii) upon the purchase or redemption of Bonds other than as assumed in the Cashflow Statement most recently filed with the Trustee; (iv) upon the application of Mortgage Loan Principal Payments other than as assumed in the Cashflow Statement most recently filed with the Trustee; (v) upon the application of amounts in the Residual Revenues Fund other than as assumed in the Cashflow Statement most recently filed with the Trustee; (vi) at such times, if any, as may be required by a Supplemental Indenture; and (vii) not later than two and one-half years after the date of filing of the most recent Cashflow Statement. The Department, at its option, may file a revised or amended Cashflow Statement with the Trustee at any time.

The Department has covenanted in the Trust Indenture that it will not make, acquire, refinance or sell Mortgage Loans or Mortgage Certificates or purchase or redeem Bonds, including the Series 2025A Bonds, or take certain other actions permitted under the Trust Indenture, unless such actions are consistent with the assumptions set forth in its most recent Cashflow Statement.

Moneys held under the Trust Indenture in excess of the amounts required by the Asset Test (hereinafter described) may, at the written direction of the Department accompanied by a Cashflow Certificate, be transferred to the Department to be used for any purpose authorized or permitted by the Act, free and clear of the pledge and lien of the Trust Indenture. In general, the Asset Test is deemed satisfied if the outstanding principal balance of the Mortgage Loans and Mortgage Certificates and money and Investment Securities held in all Funds (other than the Cost of Issuance Fund, Expense Fund, Rebate Fund and any mortgage pool self-insurance reserve established by the Department with respect to Mortgage Loans) is at least equal to 102% of the principal amount of Bonds Outstanding. See “THE TRUST INDENTURE – Residual Revenues Fund.”

Additional Bonds

Various series of Bonds, including refunding Bonds, may be issued as provided in the Trust Indenture on a parity with the Bonds of all other Series, secured by a pledge of and lien on the Trust Estate. As a condition to the issuance of additional Bonds, including refunding Bonds, the Department must deliver various items to the Trustee including the opinions of Bond Counsel to the effect that, among other things, the series of Bonds is validly issued in accordance with the Trust Indenture and the Act. The Department must also deliver to the Trustee a Cashflow Statement which gives effect to the issuance of such additional Bonds as described above under “Cashflow Statement and Asset Test” and a written confirmation from each Rating Agency that the issuance of Bonds of each Series will not adversely affect the rating then in effect on any Outstanding Bonds (determined without regard to any Credit Agreement). The Department has reserved the right to adopt one or more other bond indentures and to issue other obligations payable from sources other than the Trust Estate or, payable from the Trust Estate, including the Revenues, if the

pledge of and lien on the Trust Estate and the Revenues is junior to or subordinate to the pledge of and lien on the Trust Estate and the Revenues.

Outstanding Subordinate Lien Obligation

The Department entered into a Loan Agreement dated September 28, 2016 (the “Subordinate Loan Agreement”), with Woodforest National Bank (“Woodforest”) for a secured draw down credit facility in an aggregate principal amount not to exceed \$10,000,000 as evidenced by the Department's Series 2016 Issuer Note (the “Subordinate Note”). The Department has drawn the full \$10,000,000 authorized amount under the Subordinate Loan Agreement, all of which currently is outstanding. The Subordinate Note bears interest at 1.0% per annum and no scheduled interest or principal payments are payable until the stated maturity date of September 28, 2026. The Subordinate Note is secured by and payable solely from a lien on and pledge of the Trust Estate established by the Trust Indenture, which lien and pledge expressly is subordinate to the lien and pledge of the Trust Estate securing the Series 2025A Bonds and the Outstanding Prior Bonds. Proceeds from the Subordinate Note were used to make down payment assistance loans to qualified borrowers. Upon the occurrence of an event of default under the terms of the Subordinate Loan Agreement (which includes whenever the amount determined pursuant to the Asset Test is less than 102% plus the then outstanding amount of the Subordinate Note), the Subordinate Note will bear interest at a per annum rate of 6.0% and the outstanding principal amount thereof may be declared to be immediately due and payable. Upon the Trustee's receipt of written notice from Woodforest that the Department has failed to pay the Subordinate Note in full when due, the Trustee will transfer the unpaid amount from the Residual Revenues Fund to Woodforest to the extent permitted by the provisions of the Trust Indenture described in the last paragraph under “THE TRUST INDENTURE – Residual Revenues Fund.”

Sale of Mortgage Certificates and Mortgage Loans

The Department may, at its election, sell, assign, transfer or otherwise dispose of any Mortgage Loan or Mortgage Certificate, in whole or in part, or any of the rights of the Department with respect to any Mortgage Loan or Mortgage Certificate, in whole or in part, free and clear of the lien of the Trust Indenture, but only if a Cashflow Statement establishes that such sale, assignment, transfer or other disposition will not adversely affect the ability of the Department to pay when due the principal or Redemption Price of and interest on the Bonds and the Rating Agency shall have confirmed that such sale, assignment, transfer or other disposition will not have an adverse effect on the rating then in effect on the Bonds. The Department may also sell any Mortgage Loan, Mortgage Certificate or other obligation evidencing or securing a Mortgage Loan if it is necessary for the Department to take such action in order to maintain the excludability of interest on any of the Bonds from gross income for federal income tax purposes. If proceeds from the sale of the Mortgage Certificates are to be applied to the redemption of Series 2025A Bonds, such Series 2025A Bonds must be redeemed under the applicable redemption provision of the Trust Indenture. See “THE SERIES 2025A BONDS – Redemption Provisions.”

Certain Information as to Revenues, Investments, Debt Service and Department Expenses

On the basis of the Cashflow Statement prepared in connection with the issuance of the Series 2025A Bonds, the Department expects that the scheduled payments, together with Mortgage Loan Principal Prepayments received, if any, of the principal of and interest on the Mortgage Loans and the Mortgage Certificates and amounts held under the Trust Indenture and the earnings thereon, will be sufficient to pay the principal or Redemption Price of and interest on the Series 2025A Bonds and all other Prior Bonds Outstanding when due. In arriving at the foregoing conclusions, the Department has included all Series 2025A Bonds and Prior Bonds but has not considered the issuance of additional Bonds or the application or investment of the proceeds thereof. Since obligations issued under the Trust Indenture, unless subordinated, will rank equally and ratably with the Series 2025A Bonds and the Prior Bonds with respect to the security afforded by the Trust Indenture, the availability of money for repayment thereof could be significantly affected by the issuance, application and investment of proceeds of additional Bonds.

The maturity of and mandatory sinking fund installments of the Series 2025A Bonds have been established on the basis of the consolidated scheduled payments of the Mortgage Loans (including Mortgage Certificates) under the Trust Indenture. The interest rates on the Mortgage Loans acquired with moneys made available from the issuance of the Series 2025A Bonds will be established so that, together with payments of principal of and interest on the Mortgage Loans and the Mortgage Certificates outstanding under the Trust Indenture and moneys on deposit in the various funds and accounts under the Trust Indenture (as well as income derived from investments thereof), sufficient Revenues will be expected to be available to pay on a timely basis the principal of and interest on all Bonds outstanding under the Trust Indenture, including the Series 2025A Bonds and certain other amounts required to be paid under the Trust Indenture. Such expectation is based on, among others, the following assumptions:

- (a) moneys held in the Mortgage Loan Fund, the Revenue Fund and the Residual Revenues Fund will be invested at the rates per annum applicable to each (a portion of the earnings from which may be subject to rebate to the United States Department of Treasury), and timely payments will be made to the Trustee of amounts due under such investments;
- (b) the payments on the Mortgage Loans (including the Mortgage Certificates) will be made in full and received by or on behalf of the Department on the 30th day following their scheduled payment dates;
- (c) the Mortgage Lenders, the servicers, and the Master Servicers will perform their duties in a timely manner;
- (d) all future expenses with respect to the Bonds and administering and servicing the Mortgage Loans, including the Trustee's fees and payment of Department Expenses, will be paid in full on a timely basis from interest paid on the Mortgage Loans and the Mortgage Certificates and investment income on funds held by the Trustee;
- (e) all of the lendable proceeds of the Series 2025A Bonds will be used to purchase Mortgage Certificates representing Mortgage Loans with terms of thirty (30) years that will provide for payment of principal and interest in approximately equal monthly installments; and
- (f) the proceeds of the Series 2025A Bonds will be used to provide for the purchase of Mortgage Certificates, all of which are projected to be GNMA Certificates.

The Department makes no assurances that the foregoing assumptions can be realized, particularly in times of market turmoil. In particular, the Department establishes the interest rates on the Mortgage Loans (including Mortgage Certificates) on an ongoing basis as the Department deems necessary and appropriate, subject to the requirements of the Trust Indenture, including the Cashflow Statement. Interest rates are determined by reference to conventional mortgage rates, availability of mortgage funding alternatives, historical interest rate patterns and the Department's cost of funds.

INVESTMENT CONSIDERATIONS

[COVID-19

The outbreak of a new strain of coronavirus (“COVID-19”), an upper respiratory tract illness first identified in Wuhan, China, spread to numerous countries across the globe, including the United States, in 2020. The World Health Organization characterized COVID-19 as a pandemic. The worldwide outbreak of COVID-19, including variants, particularly Delta and Omicron, caused significant disruptions to the world and United States economies.

The Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”) became law in 2020 and addressed the crisis created by the COVID-19 pandemic. Separately, Ginnie Mae announced a program to assist Ginnie Mae seller/servicers which experience financial hardships in meeting their obligations to advance funds and/or repurchase loans due to the forbearance provisions of the CARES Act.

The Department complies with the CARES Act and grants requests for COVID-19 related forbearances it receives, along with subsequent extensions as required. The number of additional forbearance requests, the principal amount of impacted Mortgage Loans and percentage of Mortgage Loans for which forbearance may be granted in the future may increase. The industry experienced unprecedented loan modifications due to Hurricane Harvey and the pandemic. Among other things, delays in reporting and the purchase and re-pooling of Mortgage Loans resulted in financial exposure to the Department. While the Department and the Master Servicer continue to assess such exposure and refine procedures, the Department, at this time, does not believe such exposure will materially impact its operations and financial strength.]

The pandemic was and is an ongoing situation. At this time, the Department cannot determine the overall impact the pandemic, including the federal and State responses thereto, will have on its programs, the Trust Estate or the operations of the Department.

Termination of Mortgage Loans and Mortgage Certificates

The maturity and sinking fund redemption installments of the Series 2025A Bonds were determined on the basis of the assumption that there will be no early terminations of the Mortgage Loans or the Mortgage Certificates relating to the Series 2025A Bonds. The Department expects Mortgage Loans and Mortgage Certificates relating to the Series 2025A Bonds will be terminated prior to final maturity as a result of Mortgage Loan Principal Prepayments. All Mortgage Loan Principal Prepayments relating to the Series 2025A Bonds will be deposited in the applicable subaccount of the Revenue Fund and transferred to the 2025A Special Redemption Account for use to redeem the applicable series of the Series 2025A Bonds or other Bonds in accordance with the Trust Indenture or used to acquire new Mortgage Loans or participations therein. **Accordingly, the Department anticipates that a significant portion of the Series 2025A Bonds will be redeemed prior to their scheduled maturity.**

Mortgage Loan Principal Prepayments

The Department anticipates that the Trustee will receive Mortgage Loan Principal Prepayments on the Mortgage Certificates. Mortgage Loan Principal Prepayments are usually the result of the resale of the premises securing a Mortgage Loan or the refinancing of a Mortgage Loan due to changes in mortgage interest rates. Therefore, economic and financial market conditions may have a significant short-term effect on the rate of prepayments. The Department is not aware of any means which would allow it to accurately predict the actual level of prepayments it will receive from the Mortgage Certificates. Mortgage Loan Principal Prepayments on the Mortgage Certificates may be applied to the prepayment of the respective series of the Series 2025A Bonds or used to acquire new Mortgage Loans or participations therein. See “THE SERIES 2025A BONDS – Redemption Provisions – Special Redemption from 2025A Mortgage Loan Principal Payments.”

Non-Origination of Mortgage Loans

One of the principal factors in originating Mortgage Loans is the availability of funds to make such loans at interest rates and on other terms that prospective borrowers can afford and will find attractive. The Department has determined that there is a shortage of funds in the State to make such loans at interest rates and on terms that a substantial number of potential borrowers within the State can afford. Should mortgage interest rate levels decline, or should one or more alternative governmental programs become available at below market rates, mortgage loans could become available at rates competitive with or lower than the rate

specified for the Mortgage Loans, and the total amount of Mortgage Loans anticipated to be originated under the Program may not be so originated.

Non-origination may also be effected by other programs of the Department as described in “APPENDIX H – SUMMARY OF INFORMATION REGARDING THE PROGRAM AND MORTGAGE LOANS AND OTHER MATTERS – Other Department Programs.”

The failure to originate Mortgage Loans, or the inability to deliver Mortgage Certificates to the Trustee in the amounts contemplated from proceeds of the Series 2025A Bonds, will result in redemption of Series 2025A Bonds prior to their stated maturities. See “THE SERIES 2025A BONDS — Redemption Provisions – Special Redemption from Unexpended Proceeds of Series 2025A Bonds.”

Over the past year, the Department has averaged approximately \$54 million per month in GNMA mortgage-backed securities issued that are backed by tax-exempt bond eligible mortgage loans, exclusive of loans for which a mortgage credit certificate was issued. The Department has not had an unexpended proceeds call since November 1, 2010.

Availability of Remedies

The remedies available to the owners of the Series 2025A Bonds upon an Event of Default under the Trust Indenture or other documents described herein are in certain respects dependent upon regulatory and judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including specifically Title 11 of the United States Code, the remedies specified by the federal bankruptcy laws, the Trust Indenture and the various Program documents may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Series 2025A Bonds will, therefore, be qualified, as to the enforceability of the various legal instruments, by limitations imposed by bankruptcy, reorganization, insolvency, or other similar laws affecting the rights of creditors generally and by general principles of equity which permit the exercise of judicial discretion, and by principles of sovereign immunity.

Disclaimer Regarding Cyber Risks

The Department, like other public and private entities, relies on computer and other digital networks and systems to conduct its operations. As a recipient and provider of personal, private or other electronic sensitive information, the Department may be the subject of cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. Entities or individuals may attempt to gain unauthorized remote access to the Department's systems for the purposes of misappropriating assets or information or causing operational disruption or damage, or demanding ransom for restored access to files or information. No assurance can be given that the Department's current efforts to manage cyber threats and security will, in all cases, be successful. The Department cannot predict what future cyber security events may occur and what impact said events could have on its operations or finances.

The Department relies on other entities and service providers in the course of operating the Department's programs, as well as other trustees, custodians, fiscal agents and dissemination agents. No assurance can be given that future cyber threats and attacks against other third party entities or service providers will not impact the Department and the owners of the Series 2025A Bonds, including the possibility of impacting the timely payments of debt service of the Series 2025A Bonds or timely filings pursuant to the Disclosure Agreement.

THE DEPARTMENT

General

The Department, a public and official agency of the State of Texas (the “State”) was created pursuant to and in accordance with Chapter 2306, Texas Government Code, as amended from time to time (together with other laws of the State applicable to the Department, the “Act”). The Department is the successor agency to the Texas Housing Agency (the “Agency”) and the Texas Department of Community Affairs (the “TDCA”), both of which were abolished by the Act and their functions and obligations transferred to the Department. One of the purposes of the Department is to provide for the housing needs of individuals and families of low, very low and extremely low income and families of moderate income in the State. Pursuant to the Act, the Department may issue bonds, notes or other obligations to finance or refinance residential housing and to refund bonds previously issued by the Agency, the Department or certain other quasi-governmental issuers. The Act specifically provides that the revenue bonds of the Agency become revenue bonds of the Department.

The Department is subject to the Texas Sunset Act (Chapter 325, Texas Government Code, as amended, hereinafter referred to as the “Sunset Act”) and its continued existence is subject to a review process that resulted in passage of legislation in the Seventy-Eighth Legislative Session in 2003 which continued the Department in existence until September 1, 2011. House Bill 3361 extended the existence of the Department until September 2025, at which time it will be subject to review. The Sunset Act, however, recognizes the continuing obligation of the State to provide for the payment of bonded indebtedness incurred by a State agency abolished under the provisions thereof and provides that the Governor of the State shall designate an appropriate State agency to continue to carry out all covenants with respect to any bonds outstanding, including the payment of any bonds from the sources provided in the proceedings authorizing such bonds.

In the Act, the State also pledges and agrees with the holders of any bonds issued under the Act that the State will not limit or alter the rights vested in the Department to fulfill the terms of any agreements made with the holders thereof that would in any way impair the rights and remedies of such holders until such bonds, together with the interest thereon, interest on any unpaid installments of interest and all costs and expenses incurred in connection with any action or proceeding by or on behalf of such holders, are fully met and discharged.

Purpose and Impact

The Department is the state agency responsible for affordable housing, community and energy assistance programs, colonia activities, and regulation of the state's manufactured housing industry. The Department currently administers \$2 billion through for-profit, nonprofit, and local government partnerships to deliver local housing and community based opportunities and assistance to Texans in need. The overwhelming majority of the Department's resources are derived from mortgage revenue bond financing and refinancing, federal grants, and federal tax credits.

The mission of the Department is to administer its assigned programs efficiently, transparently, and lawfully and to invest its resources strategically and develop high quality affordable housing which allows Texas communities to thrive.

Aligning with the Department's mission, proceeds of the Series 2025A Bonds will be primarily used to purchase Mortgage Certificates secured by qualified Mortgage Loans and will fund down payment and closing cost assistance. Mortgage Loans will primarily include loans originated under the My First Texas Home Program to qualified individuals and families whose gross annual household income does not exceed 115% AMFI (100% for households of 2 persons or less), based on IRS adjusted income limits, or 140% AMFI (120% for households of 2 persons or less) if in a targeted area. Eligible Borrowers must

generally be first-time homebuyers, qualified veterans, or purchasing in a targeted area. See also “APPENDIX H – SUMMARY OF INFORMATION REGARDING THE PROGRAM AND MORTGAGE LOANS, AND OTHER MATTERS – The Program and the Mortgage Loans.”

For the period September 1, 2022 through August 31, 2024, the Department financed \$1.6 billion of first lien loans with bond proceeds and assisted 6,974 households. Approximately 77% of the Mortgage Loans were made to families with incomes less than 80% AMFI. The distribution of income bands for the borrowers of Mortgage Loans purchased with Series 2025A Bonds is expected to be similar to previously financed loans in the Department's Single Family Mortgage Revenue Bond Program.

Loans financed through the Single Family and Residential Mortgage Revenue Bond Program September 1, 2022 through August 31, 2024							
AMFI Band	\$ Amt of 1 st Liens	Percent	# of 1 st Lien Loans	\$ Amt of 2 nd Liens	Percent	# of 2 nd Lien Loans	Percent of 2 nd Lien Loans
<50.0%	427,632,158	26.24%	2,003	11,698,996	26.44%	1,681	29.05%
50.00%-59.999%	237,635,910	14.58%	1,084	6,382,116	14.42%	900	15.55%
60.0%-69.999%	269,322,109	16.53%	1,179	7,168,832	16.20%	957	16.54%
70.0%-79.999%	278,694,372	17.10%	1,132	7,625,975	17.24%	945	16.33%
80.0%-89.999%	234,348,536	14.38%	902	6,441,109	14.56%	755	13.05%
90.00%-100%	180,320,091	11.07%	669	4,877,563	11.02%	544	9.40%
>100%	1,484,303	0.09%	5	50,215	0.11%	5	0.09%
Total	1,629,437,479	100.00%	6,974	44,244,806	100.00%	5,787	100.00%

In conjunction with the Mortgage Loans, the Department financed \$44.2 million in down payment assistance and closing costs assistance loans.

Down Payment Assistance Statistics and Closing Cost Assistance September 1, 2022 through August 31, 2024	
Total DPA Provided (\$)	\$44,244,806
Total DPA Provided (# of Loans)	5,787
Percent of Borrowers Receiving DPA	82.98%
Average DPA Provided per Borrower	\$7,646
Average DPA Provided (% of Loan Amount)	2.72%

The Department intends to prepare a voluntary report after proceeds of the Series 2025A Bonds have been fully disbursed to purchase Mortgage Certificates, and post this report to the Municipal Securities Rulemaking Board's Electronic Municipal Market Access (“EMMA”) system. The voluntary report is expected to take the form presented in “APPENDIX I - USE OF PROCEEDS REPORT” of this Official Statement, and is expected to include information regarding the Mortgage Loans financed with the proceeds of the Series 2025A Bonds and how such proceeds were spent.

Governing Board

The Department is governed by a governing board (the “Board”) consisting of seven public members, appointed by the Governor, with the advice and consent of the State Senate. Board members hold office for six year staggered terms. Each member serves until his or her successor is appointed and qualified. Each member is eligible for reappointment. Members serve without compensation but are

entitled to reimbursement for actual expenses incurred in performing their duties of office. The Act requires the Governor to make appointments so that the places on the Board are occupied by persons who have a demonstrated interest in issues related to housing and support services and who broadly reflect the geographic, economic, cultural, and social diversity of the State, including ethnic minorities, persons with disabilities, and women.

The Governor of the State designates a member of the Board to serve as the presiding officer (the “Chair”) of the Board at the pleasure of the Governor. The Chair presides at all meetings and performs such other duties as may be prescribed from time to time by the Board and by the Act. In addition, the members of the Board elect one of its members as assistant presiding officer (the “Vice Chair”) to perform the duties of the Chair when the Chair is not present or is incapable of performing such duties. The Board also elects a Secretary and a Treasurer (which offices may be held by one individual and neither office holder must be a Board member) to perform the duties prescribed by the Board.

One seat on the Board is currently vacant. The remaining members of the Board, their occupations and their terms of office are as follows:

LEO VASQUEZ, Chair and Board Member. Corporate Finance and Business Management Consultant, Houston, Texas. His term expires January 31, 2029.

KENNY MARCHANT, Vice Chair and Board Member. Retired U.S. Representative for the 24th Congressional District of Texas, Coppell, Texas. His term expires January 31, 2025.

CINDY CONROY, Board Member. Director of community outreach and aide to the chairman of WestStar bank, El Paso, Texas. Her term expires January 31, 2027.

ANNA MARIA FARIAS, Board Member. Retired Assistant Secretary, Office of Fair Housing and Equal Opportunity at the U.S. Department of Housing and Urban Development, a U.S. Senate-confirmed position, San Antonio, Texas. Her term expires January 31, 2027.

AJAY THOMAS, Board Member. Executive Vice President and U.S. Head of Public Finance for FHN Financial, a division of First Horizon Bank, Austin, Texas. His term expires January 31, 2025.

HOLLAND HARPER, Board Member. Chief Development Officer of Harrison, Walker and Harper, LLC, Paris, Texas. His term expires January 31, 2029.

All of the above Board members have been appointed by the Governor and confirmed by the State Senate. Under Article 16 §17 of the Texas Constitution, all state officers continue to perform the duties of their offices until their successors are duly qualified. This ensures that, until the Governor appoints a replacement, the requirements of office are satisfied.

Administrative Personnel

The Act provides that the Department is to be administered by an Executive Director to be employed by the Board with the approval of the Governor. The Executive Director serves at the pleasure of the Board, but may also be removed by a newly elected Governor who did not approve the Executive Director's appointment by action taken within 90 days after such Governor takes office. The Executive Director is responsible for administering the Department and its personnel. The Executive Director may, within the limitations established by the General Appropriations Act, employ other employees necessary for the discharge of the duties of the Department, subject to the annual budget and the provisions of any resolution authorizing the issuance of the Department's bonds.

Currently, the Department has approximately 356 employees. The following is a biographical summary of certain of the Department's senior staff members who have responsibility with respect to single family housing matters.

ROBERT WILKINSON, Executive Director. Mr. Wilkinson was hired by the Governing Board to serve as the Executive Director at the Board meeting of July 25, 2019, and he began his tenure on August 15, 2019. Most recently, Mr. Wilkinson served as the Deputy Budget Director to Texas Governor Greg Abbott. Mr. Wilkinson served in the Budget and Policy Division within the Office of the Governor for the first three legislative sessions of Governor Abbott's administration; 2015, 2017, and 2019. His duties included the development of the Governor's proposed budgets, the analysis and tracking hundreds of filed bills including the General Appropriations Act, the development of policy, and the coordination of governance with executive state agencies. Housing and the Department were important elements of Mr. Wilkinson's portfolio of responsibility from 2014 (under former Governor Rick Perry) through 2019. Before 2014, Mr. Wilkinson held other positions within the Office of the Governor and worked in the private sector in various capacities including a stint as a project manager at a large commercial electrical contractor. Mr. Wilkinson received his Bachelor of Arts from the University of Texas at Austin.

SCOTT FLETCHER, Director of Bond Finance. Mr. Fletcher joined the Department in July of 2022, where he is responsible for management, strategic planning and oversight of the Department's Bond Finance Division. He oversees the issuance of single family bonds and notes as well as the day to day management of mortgage banking activities. Mr. Fletcher has over 30 years of experience in municipal fixed income and public finance leadership. He received a BSBA from The University of Nebraska in Lincoln and an MBA from The University of Missouri in Kansas City.

LISA JOHNSON, Director of the Texas Homeownership Division, joined the Department in the Housing Trust Fund Department in 2017 administering State and Federal Down payment assistance programs for the Texas Bootstrap Program, Bond Finance and NSP Neighborhood Stabilization Programs and transitioned to the Texas Homeownership Team learning all facets of the division in 2019, working to promote and expand the Department's Down Payment Assistance, MCC Programs and Homebuyer Education throughout the State of Texas. Down payment assistance, credit counseling and overall buyer and seller education are an integral part of the important work of the Texas Homebuyer Team. Prior to joining the Department, Ms. Johnson worked diligently to help borrowers, investors and builders to reach their real estate goals as a licensed Texas Loan Officer and remains a licensed Texas Real Estate Agent.

JAMES "BEAU" ECCLES, General Counsel. J. Beau Eccles joined the Department in June 2015 as its General Counsel and is responsible for coordination of all internal and external legal counsel for the Department. Before joining the Department, Mr. Eccles served as an Assistant Texas Attorney General for thirteen years, including five years as Deputy Chief, then two years as Chief, of the General Litigation Division. Mr. Eccles is a graduate of the Texas Tech School of Law, and received his B.A. from the University of Texas at Austin.

THE TRUST INDENTURE

General

The Trust Indenture, which includes the Master Indenture and each of the Series Supplements and amendments thereto relating to the Bonds, contains various covenants and security provisions, certain of which are summarized below. In addition, the Trust Indenture contains requirements for the purchase of Mortgage Loans and certain covenants with respect to applicable provisions of federal income tax law. See "TAX MATTERS." Reference should be made to the Trust Indenture, a copy of which may be obtained from the Department, for a full and complete statement of its provisions.

Funds and Accounts

The following Funds have been established under the Master Indenture: Mortgage Loan Fund; Cost of Issuance Fund; Revenue Fund; Interest Fund; Principal Fund; Special Redemption Fund; Residual Revenues Fund; and Expense Fund and the 1998/1999A Special Mortgage Loan Fund established under the Tenth Series Supplement. The Series Supplements create within each Fund separate accounts for each Series or related Series of Bonds. The Forty-Third and Forty-Fourth Supplemental Indenture creates accounts for the Series 2025A Bonds within each listed Fund. The accounts so created do not grant a priority of one Series of Bonds over that of any other Series of Bonds, but are for accounting purposes only. In addition, the Forty-Third Supplemental Indenture establishes a 2024 Rebate Fund.

Mortgage Loan Fund

The Trustee is required to apply amounts in the Mortgage Loan Fund to pay the costs of making, acquiring, or refinancing Mortgage Loans (including the acquisition of Mortgage Certificates), and accrued interest thereon, if so directed in a Letter of Instructions from the Department. Any such disbursements are required to be within the certificate purchase period relating to the particular Series of Bonds. The Trustee is required to transfer amounts in the Mortgage Loan Fund relating to an account established for each Series of the Bonds to the Special Redemption Fund at the end of each Mortgage Loan origination period for such Series to pay the Redemption Price of Bonds of each Series to be redeemed or the purchase price of Bonds to be purchased. To the extent required by the provisions of the Master Indenture summarized below under the subheading “Withdrawals from Funds to Pay Debt Service”, amounts in the Mortgage Loan Fund may be applied to the payment of principal or Redemption Price of and interest on the Bonds. See “SECURITY FOR THE BONDS –Sale of Mortgage Certificates and Mortgage Loans” and “APPENDIX H – SUMMARY OF INFORMATION REGARDING THE PROGRAM AND MORTGAGE LOANS AND OTHER MATTERS – The Program and the Mortgage Loans – Mortgage Loans.”

Cost of Issuance Fund

Amounts credited to the Cost of Issuance Fund may be applied to pay Costs of Issuance. If at any time amounts on deposit in the Cost of Issuance Fund are in excess of the amounts reasonably required to pay Costs of Issuance (and do not represent proceeds of the Series 2025A Bonds), the Department may transfer such excess to the Department.

Revenue Fund

All Revenues are required to be deposited into the Revenue Fund promptly upon receipt by the Department. Prior to the transfer of any other amount from the Revenue Fund, the Department may transfer from the Revenue Fund an amount equal to any rebatable arbitrage to the Rebate Fund. On or before each interest payment date on the Bonds, the Trustee will transfer from the Revenue Fund to the Interest Fund an amount which, when added to any amounts already on deposit therein, will equal the amount of interest to become due and payable on the Bonds on such interest payment date.

On or before each maturity date and each date fixed for the redemption of Bonds, the Trustee is required to transfer amounts on deposit in the Revenue Fund representing Mortgage Loan Principal Payments to the Principal Fund, the Mortgage Loan Fund or to the Special Redemption Fund at the Department's direction by a Letter of Instructions accompanied by a Cashflow Certificate or, in the absence of such instructions, as required by the Series Supplements.

On or before each maturity date and each date fixed for redemption of Bonds, the Trustee also must transfer from the Revenue Fund the other amounts on deposit therein in the following order of priority:

(a) first, to the Interest Fund, an amount, if any, which, when added to any amounts already on deposit therein, will equal the amount of interest to become due and payable on the Bonds on such maturity date or redemption date;

(b) second, to the Principal Fund, an amount which, when added to any amounts already on deposit therein, will equal the principal amount of all Bonds maturing on such date and the Redemption Price of all Bonds becoming subject to scheduled mandatory redemption on such redemption date;

(c) third, to the Expense Fund, the amount or amounts specified in the Series Supplements applicable to the Bonds then Outstanding as being necessary to pay Department Expenses consisting of amounts, if any, to be paid to obtain or maintain Supplemental Mortgage Security;

(d) fourth, to the Expense Fund, the amount then required for the payment of Department Expenses (other than as described in clause (c) above), but not in excess of the maximum amount specified in the applicable Series Supplements applicable to the Bonds then Outstanding;

(e) fifth, to the Special Mortgage Loan Fund, the amount, if any, specified in the most recent Cashflow Statement as required by the Series Supplement to maintain the tax-exempt status of the Bonds; and

(f) finally, to the Residual Revenues Fund, the portion, if any, of the amount remaining in the Revenue Fund on such maturity date or redemption date after the foregoing transfers, which the Department directs to be so transferred. Any such amounts transferred to the Residual Revenues Fund constitute "Excess Revenues." See "THE TRUST INDENTURE – Residual Revenues Fund."

Interest Fund and Principal Fund

The Trustee is required to pay out of the Interest Fund by each interest payment date or date fixed for redemption of Bonds, the amount required for the interest payment due on such date. The Trustee is required to pay out of the Principal Fund by each date on which Bonds mature or become subject to scheduled mandatory redemption, the amount required for the payment of the principal amount of Bonds maturing and the Redemption Price of the Bonds subject to scheduled mandatory redemption on such date.

The Trustee, at any time at the direction of the Department in a Letter of Instructions accompanied by a Cashflow Certificate, is required to apply amounts available in the Principal Fund to pay the purchase price of Bonds.

Special Redemption Fund

Amounts in the Special Redemption Fund are required to be applied by the Trustee to pay the Redemption Price of the Bonds becoming subject to redemption (other than by scheduled mandatory redemption) or, at the direction of the Department, may be transferred to the Revenue Fund if notice of redemption has not been given or such amounts have not been committed to the purchase of Bonds. The Trustee, at any time at the direction of the Department in a Letter of Instructions accompanied by a Cashflow Certificate, is required to apply amounts available in the Special Redemption Fund to pay the purchase price of Bonds.

Expense Fund

Amounts in the Expense Fund may be paid out from time to time by the Department for Department Expenses, taxes, insurance, foreclosure fees, including appraisal and legal fees, security, repairs and other expenses incurred by the Department in connection with the protection and enforcement of its rights in any

Mortgage Loan and the preservation of the mortgaged property securing such Mortgage Loans. Excess amounts in the Expense Fund may be transferred to the Revenue Fund at the direction of the Department.

Residual Revenues Fund

During such time as the Department is not meeting the asset test described in the next paragraph (the "Asset Test"), amounts in the Residual Revenues Fund are required to be retained in the Residual Revenues Fund or transferred to the Mortgage Loan Fund or the Special Redemption Fund, as directed by a Letter of Instructions from the Department accompanied by a Cashflow Certificate or, in the absence of such instructions, as may be required by the applicable Series Supplements.

The Department will be deemed to have met the Asset Test if: (i) the Department has on file with the Trustee a Cashflow Statement giving effect to a transfer and release proposed as described in the next paragraph; and (ii) as of the date of such Cashflow Statement, the sum of the outstanding principal balance of the Mortgage Loans and the Mortgage Certificates, and the money and Investment Securities (valued at their amortized values as required by the Trust Indenture) held in all Funds (other than the Cost of Issuance Fund, the Expense Fund and any mortgage pool self-insurance reserve established by the Department with respect to the Mortgage Loans) is at least equal to 102% of the aggregate principal amount of Bonds then Outstanding.

If at any time the Department meets the Asset Test, the Trustee is required to apply amounts in the Residual Revenues Fund (in excess of those required to be maintained under the Trust Indenture in order to permit the Department to continue to meet the Asset Test) as follows: (i) the Trustee is required to transfer such amounts to the Mortgage Loan Fund or the Special Redemption Fund or remit such amounts to the Department to be used for any purpose authorized or permitted by the Act, free and clear of the pledge and lien of the Trust Indenture, if so directed by a Letter of Instructions from the Department; or (ii) in the absence of such instructions, the Trustee is required to retain such amounts in the Residual Revenues Fund.

Rebate Fund

Funds on deposit in the Rebate Fund are required to be withdrawn periodically by the Department and set aside to pay any amounts required to be rebated to the United States under applicable provisions of federal income tax law.

Withdrawals from Funds to Pay Debt Service

If on any interest payment date on the Bonds, after giving effect to the transfers from the Revenue Fund described above, the amount in the Interest Fund or the Principal Fund is less than the amount required to make interest and principal payments then due, the Trustee shall transfer from the following Funds in the following order of priority the amount of such deficit and apply such amount to pay interest and principal as necessary: (i) Residual Revenues Fund; (ii) Special Redemption Fund; and (iii) Mortgage Loan Fund.

None of the following are deemed available under the Trust Indenture for the payment of debt service on the Bonds: (i) the moneys in the Special Redemption Fund which are to be used to redeem Bonds as to which notice of redemption has been given or committed to the purchase of Bonds; (ii) moneys in the Mortgage Loan Fund which are to be used to make, acquire, or refinance Mortgage Loans with respect to which the Department has entered into commitments with borrowers, Mortgage Lenders or others; or (iii) Mortgage Loans credited to the Mortgage Loan Fund.

Investments

Moneys held in the Mortgage Loan Fund, the Revenue Fund, the Interest Fund, the Principal Fund, the Special Redemption Fund, and the Residual Revenues Fund are required to be invested and reinvested

by the Trustee or by any Depository holding all or a portion of the moneys in such Funds, in accordance with instructions from the Department and moneys held in the Cost of Issuance Fund and the Expense Fund are required to be invested and reinvested by the Department or by any Depository holding all or a portion of the moneys in such Funds, in accordance with instructions from the Department, to the fullest extent practicable and if permitted by the Act, in Investment Securities the principal of which the Department estimates will be received not later than such times as will be necessary to provide moneys when needed for payments to be made from each such Fund. See “SECURITY FOR THE BONDS – Investment of Funds” and “APPENDIX H – SUMMARY OF INFORMATION REGARDING THE PROGRAM AND MORTGAGE LOANS AND OTHER MATTERS – Texas Treasury Safekeeping Trust Company.”

Interest earned from investing any moneys in any Fund or profits realized from any investments in any Fund are required to be retained in such Fund until it contains the amount required by the Trust Indenture to be deposited therein; thereafter such earnings and profits, net of any losses (except that which represents a return of accrued interest paid in connection with the purchase by the Department, the Trustee or any Depository of any investment), are required to be transferred to the Revenue Fund.

Other Department Covenants

The Department is required to keep proper books of records and accounts (separate from all other records and accounts) in which complete and correct entries must be made of its transactions in accordance with generally accepted accounting principles. The Department is required to file annually, within 180 days after the close of each Bond Year, with the Trustee, and otherwise as provided by law, a copy of an annual report for such year, accompanied by an accountant's certificate, including the following statements in reasonable detail: a statement of financial position as of the end of such Bond Year; and a statement of Revenues and Department Expenses for such Bond Year. The Department at all times is required to appoint, retain and employ competent personnel for the purpose of carrying out its programs and must establish and enforce reasonable rules, regulations, tests and standards governing the employment of such personnel at reasonable compensation, salaries, fees and charges, and all persons employed by the Department must be qualified for their respective positions.

Events of Default

Each of the following events is an “Event of Default” under the Trust Indenture: (i) default in the due and punctual payment of the principal or Redemption Price of any Bond when due; (ii) default in the due and punctual payment of any installment of interest on any Bond when due; (iii) default by the Department in the performance or observance of any other of its covenants, agreements, or conditions in the Trust Indenture or in the Bonds, and the continuance of such default for a period of 60 days after written notice thereof to the Department by the Trustee or to the Department and to the Trustee by the owners of not less than 10% in principal amount of the Bonds then Outstanding; or (iv) the commencement of various proceedings involving the Department in bankruptcy or seeking reorganization, arrangement, readjustment or composition of its debts or for any other relief under the federal bankruptcy laws or under any other insolvency act or law, state or federal, now or hereafter existing, or seeking the involuntary appointment of a receiver or trustee of the Department or for all or a substantial part of its property, and unless commenced by or consented to by the Department, their continuation for 90 days undismissed or undischarged.

Bondholders' Rights in the Event of Default

If an Event of Default occurs and is continuing, then the Trustee may and, upon the written request of the owners of not less than 25% in aggregate principal amount of the Bonds then Outstanding, must, by written notice delivered to the Department, declare the principal of the Bonds then Outstanding and the interest accrued thereon immediately due and payable; subject, however, to the right of the owners of more than 50% in aggregate principal amount of the Bonds then Outstanding, by written notice to the Department and to the Trustee, to annul such declaration and destroy its effect at any time if all Events of Default, other

than those arising from nonpayment of principal or interest due solely as a result of such acceleration, have been cured. Such annulment will not extend to nor affect any subsequent Event of Default nor impair or exhaust any right or power consequent thereon.

If any Event of Default occurs and is continuing, then the Trustee may and, upon the written request of the owners of not less than 25% in aggregate principal amount of the Bonds then Outstanding, must: (i) by mandamus or other suit, action or proceeding at law or in equity require the Department to perform its covenants, representations and duties under the Trust Indenture; (ii) bring suit upon the Bonds; (iii) by action or suit in equity require the Department to account as if it were the trustee of a trust for the owners of the Bonds; (iv) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the owners of the Bonds; or (v) take such other steps to protect and enforce its rights and the rights of the owners of the Bonds, whether by action, suit or proceeding in aid of the execution of any power granted in the Trust Indenture or for the enforcement of any other appropriate legal or equitable remedy.

If any Event of Default occurs and is continuing, then the Trustee may, and upon written request by the owners of not less than 25% in aggregate principal amount of the Bonds then Outstanding, and upon being indemnified to its satisfaction, must, proceed by suit or suits, at law or in equity or by any other appropriate legal or equitable remedy, to enforce payment of the principal of and interest on the Bonds under a judgment or decree of a court or courts of competent jurisdiction or by the enforcement of any other appropriate legal or equitable remedy, as the Trustee deems most effectual to protect and enforce any of its rights or the rights of the Bondholders under the Trust Indenture.

Application of Proceeds

The proceeds received by the Trustee in case of an Event of Default, together with all securities and other moneys which may then be held by the Trustee as a part of the Trust Estate, are required to be applied in order, as follows:

- (a) to the payment of the reasonable and proper charges, expenses and liabilities of the Trustee;
- (b) to the payment of the interest and principal then due on the Bonds, as follows:
 - (i) unless the principal of all the Bonds has become or has been declared due and payable, to the payment to the persons entitled thereto of: first, all installments of interest then due, in order of maturity, and, if the amount available is not sufficient to pay in full any installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, without any discrimination or preference; and second, the unpaid principal or Redemption Price of any Bonds which shall have become due, whether at maturity or by call for redemption, in the order of their due dates, and, if the amount available is not sufficient to pay in full all the Bonds due on any date, then to the payment thereof ratably, according to the principal amount or Redemption Price due on such date, without any discrimination or preference; and
 - (ii) if the principal of all the Bonds has become or has been declared due and payable, to the payment of the principal and interest then due and unpaid upon the Bonds without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference; and

(c) to the payment of the amounts required for reasonable and necessary Department Expenses.

Trustee

The Bank of New York Mellon Trust Company, N.A., is currently the Trustee for all Series of Bonds issued under the Trust Indenture.

The Department is required to pay reasonable compensation to the Trustee, any Depositories and any paying agent (other than the GNMA Paying Agent) for all services rendered under the Trust Indenture, and also all reasonable expenses, charges, counsel fees and other disbursements, including those of their attorneys, agents and employees, incurred in and for the performance of their powers and duties under the Trust Indenture.

The Trustee may be removed, with or without cause, if so requested by the holders of at least a majority in aggregate principal amount of the Bonds then Outstanding. In addition, the Trustee may be removed, with or without cause, at any time (unless an Event of Default has occurred and is continuing) by resolution of the Governing Board of the Department; provided, that all holders of Bonds be given notice of such action and the Department shall not have received, within 60 days after such notice, written objections to such action by the holders of at least a majority in aggregate principal amount of the Bonds then Outstanding. The Trustee may also resign, upon appropriate notice. In either event, a successor is required to be appointed. Any successor Trustee must be a bank or trust company organized under the laws of the United States of America or any state thereof or a national banking association doing business, and having capital stock and surplus aggregating at least \$75,000,000, which is willing and able to accept the office on reasonable and customary terms and which is authorized by law to perform all the duties imposed on it by the Trust Indenture.

Depositories

The Department may appoint one or more depositories to hold all or a designated portion of the moneys and investments subject to the lien and pledge of the Trust Indenture (other than moneys and securities required to be held in the Interest Fund, the Principal Fund and the Special Redemption Fund). Any depository appointed by the Department must be: (i) the State Comptroller, acting by and through the Texas Treasury Safekeeping Trust Company, a special-purpose corporate trust company organized under the laws of the State of Texas; or (ii) a bank or trust company organized under the laws of the United States or any state thereof and having capital stock and surplus of at least \$50,000,000 which the Department determines to be capable of properly discharging its duties in such capacity and which is acceptable to the Trustee. See “APPENDIX H – SUMMARY OF INFORMATION REGARDING THE PROGRAM AND MORTGAGE LOANS AND OTHER MATTERS – Texas Treasury Safekeeping Trust Company.”

All moneys and securities deposited with any Depository under the provisions of the Trust Indenture are required to be held in trust for the Trustee or the Department, as applicable, and the Bondholders, and may not be applied in any manner that is inconsistent with the provisions of the Trust Indenture.

Any Depository may at any time resign and be discharged of its duties and obligations under the Trust Indenture by giving at least 60 days' written notice to the Department and the Trustee. Any Depository may be removed at any time by the Department by resolution of the Governing Board of the Department.

Supplemental Indentures without Consent of Bondholders

For any one or more of the following purposes and at any time or from time to time, a Supplemental Indenture may be executed and delivered by the Department and the Trustee, without the consent of any

Bondholders: (i) to authorize Bonds of a Series and to specify the matters relative to such Bonds which are not contrary to or inconsistent with the Trust Indenture; (ii) to cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in the Trust Indenture; (iii) to insert such provisions clarifying matters or questions arising under the Trust Indenture as are necessary or desirable and are not contrary to or inconsistent with the Trust Indenture as theretofore in effect; (iv) to grant to or confer upon the Trustee for the benefit of the Bondholder any additional rights, remedies, powers, authority or security that may be lawfully granted to or conferred upon the Trustee; (v) to close the Trust Indenture against, or provide limitations on, the delivery of Bonds; (vi) to add to the covenants of the Department in the Trust Indenture other covenants which are not inconsistent with the Trust Indenture; (vii) to add to the restrictions in the Trust Indenture other restrictions to be observed by the Department which are not inconsistent with the Trust Indenture; (viii) to surrender any right, power or privilege reserved to or conferred upon the Department by the terms of the Trust Indenture that is not inconsistent with the Trust Indenture; (ix) to confirm the subjection to any lien or pledge created by the Trust Indenture of the Trust Estate or any other moneys; (x) to modify any of the provisions of the Trust Indenture in any other respect, effective only after all Bonds of any Series Outstanding at the date of adoption of such Supplemental Indentures shall cease to be outstanding; (xi) to amend the Trust Indenture to permit its qualification under the Trust Indenture Act of 1939 or any state blue sky law; (xii) to add to the definition of Investment Securities in accordance with the provisions of such definition; or (xiii) to make any other change in the Trust Indenture which does not, in the opinion of the Trustee, materially and adversely affect the rights of the holders of the Bonds.

Amendment of Trust Indenture with Consent of Bondholders

The Department and the Trustee, at any time and from time to time, may execute and deliver a Supplemental Indenture for the purpose of making any modification or amendment to the Trust Indenture, but only with the prior written consent of the holders of at least 2/3 in aggregate principal amount of the Bonds then Outstanding at the time such consent is given, and in case less than all of the several Series of Bonds then Outstanding are affected by the modification or amendment, of the holders of at least 2/3 in principal amount of the Bonds of each Series so affected and Outstanding at the time such consent is given; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any particular Series and maturity remain Outstanding, the consent of the holders of such Bonds will not be required and such Bonds will not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under the Trust Indenture. Notwithstanding the foregoing, no modification or amendment contained in any such Supplemental Indenture may permit any of the following, without the consent of each Bondholder whose rights are affected thereby: (i) a change in the terms of maturity or redemption of any Bond or of any installment of interest thereon; (ii) a reduction in the principal amount or Redemption Price of any Bond or in the rate of interest thereon; (iii) the creation of a lien on or a pledge of the Revenues or any part thereof, other than the lien and pledge of the Trust Indenture or as permitted by the Trust Indenture; (iv) the granting of a preference or priority of any Bond or Bonds over any other Bond or Bonds; or (v) a reduction in the aggregate principal amount or classes of Bonds of which the consent of the holders is required to effect any such modification or amendment. For the purposes of the Trust Indenture, a Series is deemed to be affected by a modification or amendment of the Trust Indenture if the same adversely affects or diminishes the rights of the owners of Bonds of such Series. The Trustee is required to determine whether or not in accordance with the foregoing powers of amendment Bonds of any particular Series would be affected by any modification or amendment of the Trust Indenture and any such determination will be binding and conclusive on the Department and all holders of Bonds.

Defeasance

If the Department pays irrevocably or causes to be paid irrevocably, or there otherwise is paid, to the owners of all Bonds the principal amount or Redemption Price, if applicable, and interest due or to become due thereon, at the times and in the manner stipulated therein and in the Trust Indenture, then the pledge of the Trust Estate under the Trust Indenture and all covenants, agreements and other obligations of the Department to the Bondholders, will thereupon terminate. Bonds or interest installments for the

payment or redemption of which moneys are held in trust by the Trustee or any paying agent at the maturity or redemption date thereof will be deemed to have been paid within the meaning of the Trust Indenture. In addition, all Outstanding Bonds of any Series will be deemed to have been paid within the meaning of the Trust Indenture if: (i) in case any of the Bonds are to be redeemed on any date prior to their maturity, the Department has given to the Trustee irrevocable instructions to give notice of redemption of such Bonds on said date; (ii) there has been deposited with the Trustee or any paying agent either moneys in an amount which are sufficient, or Government Obligations not subject to redemption prior to the maturity thereof, the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Trustee or any paying agent at the same time, are sufficient to pay when due the principal or Redemption Price, if applicable, and interest due and to become due on said Bonds on and prior to the redemption date or maturity date thereof, as the case may be; and (iii) in the event said Bonds are not to be redeemed within the next succeeding 60 days, the Department has given the Trustee irrevocable instructions to give a notice to the owners of such Bonds that the deposit required by (ii) above has been made with the Trustee or paying agent and that said Bonds are deemed to have been paid in accordance with the Trust Indenture and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal or Redemption Price, if applicable, on said Bonds.

Any moneys held for the payment of any of the Bonds which remain unclaimed for three years after the date when such Bonds have become due and payable, either at their stated maturity dates or by call for earlier redemption must, at the written request of the Department, be repaid to the Department, free from trust, and the Bondholders thereafter may look only to the Department for the payment of such Bonds.

TAX MATTERS RELATING TO THE SERIES 2025A BONDS

The following discussion of certain federal income tax considerations is for general information only and is not tax advice. Each prospective purchaser of the Series 2025A Bonds should consult its own tax advisor as to the tax consequences of the acquisition, ownership and disposition of the Series 2025A Bonds.

Tax Exemption

In the opinion of Bracewell LLP, Bond Counsel, subject to certain conditions set forth in the opinion and under existing law, interest on the Series 2025A Bonds (i) is excludable from gross income for federal income tax purposes under section 103 of the Internal Revenue Code of 1986, as amended (the “Code”) and (ii) is not an item of tax preference subject to the alternative minimum tax on individuals. A copy of the proposed form of opinion of Bond Counsel is attached hereto as APPENDIX C.

The Code imposes a number of requirements that must be satisfied in order for interest on state or local obligations, such as the Series 2025A Bonds, to be excludable from gross income for federal income tax purposes. These requirements include the various mortgage eligibility, arbitrage, targeted area, recapture, use of proceeds and information reporting requirements discussed more fully below under the caption “Federal Income Tax Requirements.” The Department has covenanted in the Trust Indenture that it will comply with these requirements.

Bond Counsel's opinion will assume continuing compliance with the procedures, safeguards and covenants of the Master Servicer and Mortgage Lenders in the Program Agreements and the covenants of the Department in the Trust Indenture and the Program Agreements pertaining to those sections of the Code that affect the excludability of the interest on the Series 2025A Bonds from gross income for federal income tax purposes, and in addition, will rely on representations by parties involved with the issuance of the Series 2025A Bonds and the Mortgage Loans with respect to matters solely within the knowledge of such parties, which representations Bond Counsel has not independently verified. If the Department, a Mortgage Lender, or the Master Servicer fails to comply with such procedures, safeguards

and covenants or if such representations should be determined to be inaccurate or incomplete, interest on the Series 2025A Bonds could become includable in gross income from the date of original delivery thereof, regardless of the date on which the event causing such inclusion occurs.

Bond Counsel will express no opinion as to the amount or timing of interest on the Series 2025A Bonds or, except as stated above, any federal, state or local tax consequences resulting from the receipt or accrual of interest on, acquisition, ownership or disposition of the Series 2025A Bonds. Certain actions may be taken or omitted subject to the terms and conditions set forth in the Trust Indenture upon the advice or with the approving opinion of Bond Counsel. Bond Counsel will express no opinion with respect to Bond Counsel's ability to render an opinion that such actions, if taken or omitted, will not adversely affect the excludability of interest of the Series 2025A Bonds from gross income for federal income tax purposes.

Bond Counsel's opinions are based on existing law, which is subject to change. Such opinions are further based on Bond Counsel's knowledge of facts as of the date thereof. Bond Counsel assumes no duty to update or supplement its opinions to reflect any facts or circumstances that may thereafter come to its attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, Bond Counsel's opinions are not a guarantee of result and are not binding on the Internal Revenue Service (the "Service" or "IRS"); rather, such opinions represent Bond Counsel's legal judgment based upon its review of existing law and in reliance upon the representations and covenants referenced above that it deems relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given as to whether or not the Service will commence an audit of the Series 2025A Bonds. If an audit is commenced, in accordance with its current published procedures, the Service is likely to treat the Department as the taxpayer and the Owners may not have a right to participate in such audit. Public awareness of any future audit of the Series 2025A Bonds could adversely affect the value and liquidity of the Series 2025A Bonds, regardless of the ultimate outcome of the audit.

Collateral Tax Consequences

Prospective purchasers of the Series 2025A Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences, including but not limited to those noted below. Therefore, prospective purchasers of the Series 2025A Bonds should consult their own tax advisors as to the tax consequences of the acquisition, ownership and disposition of the Series 2025A Bonds.

An "applicable corporation" (as defined in section 59(k) of the Code) may be subject to a 15% alternative minimum tax imposed under section 55 of the Code on its "adjusted financial statement income" (as defined in section 56A of the Code) for such taxable year. Because interest on tax-exempt obligations, such as the Series 2025A Bonds, is included in a corporation's "adjusted financial statement income," ownership of the Series 2025A Bonds could subject certain corporations to alternative minimum tax consequences.

Ownership of tax-exempt obligations also may result in collateral federal income tax consequences to financial institutions, life insurance and property and casualty insurance companies, certain S corporations with Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, low and middle income taxpayers otherwise qualifying for the health insurance premium assistance credit, and individuals otherwise qualifying for the earned income tax credit. In addition, certain foreign corporations doing business in the United States may be subject to the "branch profits tax" on their effectively connected earnings and profits, including tax-exempt interest such as interest on the Series 2025A Bonds.

Prospective purchasers of the Series 2025A Bonds should also be aware that, under the Code, taxpayers are required to report on their returns the amount of tax-exempt interest, such as interest on the Series 2025A Bonds, received or accrued during the year.

Tax Accounting Treatment of Original Issue Premium

If issue price of any maturity of the Series 2025A Bonds exceeds the stated Redemption Price payable at maturity of such Series 2025A Bonds, such Series 2025A Bonds (the “Premium Bonds”) are considered for federal income tax purposes to have “bond premium” equal to the amount of such excess. The basis of a Premium Bond in the hands of an initial owner is reduced by the amount of such excess that is amortized during the period such initial owner holds such Premium Bond in determining gain or loss for federal income tax purposes. This reduction in basis will increase the amount of any gain or decrease the amount of any loss recognized for federal income tax purposes on the sale or other taxable disposition of a Premium Bond by the initial owner. No corresponding deduction is allowed for federal income tax purposes for the reduction in basis resulting from amortizable bond premium. The amount of bond premium on a Premium Bond that is amortizable each year (or shorter period in the event of a sale or disposition of a Premium Bond) is determined using the yield to maturity on the Premium Bond based on the initial offering price of such Premium Bond.

The federal income tax consequences of the purchase, ownership and redemption, sale or other disposition of Premium Bonds that are not purchased in the initial offering at the initial offering price may be determined according to rules that differ from those described above. All owners of Premium Bonds should consult their own tax advisors with respect to the determination for federal, state, and local income tax purposes of amortized bond premium upon the redemption, sale or other disposition of a Premium Bond and with respect to the federal, state, local, and foreign tax consequences of the purchase, ownership, and sale, redemption or other disposition of such Premium Bonds.

Tax Accounting Treatment of Original Issue Discount

If issue price of any maturity of the Series 2025A Bonds is less than the stated redemption price payable at maturity of such Series 2025A Bonds (the “OID Bonds”), the difference between (i) the amount payable at the maturity of each OID Bond, and (ii) the initial offering price to the public of such OID Bond constitutes original issue discount with respect to such OID Bond in the hands of any owner who has purchased such OID Bond in the initial public offering of the Series 2025A Bonds. Generally, such initial owner is entitled to exclude from gross income (as defined in Section 61 of the Code) an amount of income with respect to such OID Bond equal to that portion of the amount of such original issue discount allocable to the period that such OID Bond continues to be owned by such owner. Because original issue discount is treated as interest for federal income tax purposes, the discussions regarding interest on the Series 2025A Bonds under the captions “TAX MATTERS RELATING TO THE SERIES 2025A BONDS – Tax Exemption,” “– Collateral Tax Consequences” and “– Tax Legislative Changes” generally apply and should be considered in connection with the discussion in this portion of the Official Statement.

In the event of the redemption, sale or other taxable disposition of such OID Bond prior to stated maturity, however, the amount realized by such owner in excess of the basis of such OID Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such OID Bond was held by such initial owner) is includable in gross income.

The foregoing discussion assumes that (i) the Underwriters have purchased the Series 2025A Bonds for contemporaneous sale to the public and (ii) all of the Series 2025A Bonds have been initially offered, and a substantial amount of each maturity thereof has been sold, to the general public in arm's-length transactions for a price (and with no other consideration being included) not more than the initial offering prices thereof stated on the inside cover page of this Official Statement. Neither the Department nor Bond

Counsel has made any investigation or offers any comfort that the OID Bonds will be offered and sold in accordance with such assumptions.

Under existing law, the original issue discount on each OID Bond accrues daily to the stated maturity thereof (in amounts calculated as described below for each six-month period ending on the date before the semiannual anniversary dates of the date of the Series 2025A Bonds and ratably within each such six-month period) and the accrued amount is added to an initial owner's basis for such OID Bond for purposes of determining the amount of gain or loss recognized by such owner upon the redemption, sale or other disposition thereof. The amount to be added to basis for each accrual period is equal to (i) the sum of the issue price and the amount of original issue discount accrued in prior periods multiplied by the yield to stated maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) less (ii) the amounts payable as current interest during such accrual period on such Series 2025A Bond.

The federal income tax consequences of the purchase, ownership, and redemption, sale or other disposition of OID Bonds that are not purchased in the initial offering at the initial offering price may be determined according to rules that differ from those described above. All owners of OID Bonds should consult their own tax advisors with respect to the determination for federal, state, and local income tax purposes of interest accrued upon redemption, sale or other disposition of such OID Bonds and with respect to the federal, state, local and foreign tax consequences of the purchase, ownership, redemption, sale or other disposition of such OID Bonds.

Tax Legislative Changes

Current law may change so as to directly or indirectly reduce or eliminate the benefit of the excludability of interest on the Series 2025A Bonds from gross income for federal income tax purposes. Any proposed legislation, whether or not enacted, could also affect the value and liquidity of the Series 2025A Bonds. Prospective purchasers of the Series 2025A Bonds should consult with their own tax advisors with respect to any recently-enacted, proposed, pending or future legislation.

Federal Income Tax Requirements

General

Sections 103 and 143 of the Code and applicable regulations thereunder provide that the interest on bonds the proceeds of which are used directly or indirectly to finance owner-occupied residences, will not be excludable from gross income for federal income tax purposes unless such bonds are part of a “qualified mortgage issue.” A “qualified mortgage issue” must meet the following requirements: (i) all proceeds of the issue (exclusive of issuance costs and a reasonably required reserve fund) are to be used to finance owner-occupied residences, (ii) the mortgages financed by the issue satisfy certain mortgage eligibility requirements, as set forth more fully below under the subheading “Mortgage Eligibility Requirements,” (iii) certain arbitrage limitations described more fully below under the subheading “Requirements Related to Arbitrage” must be satisfied, (iv) a specified portion of the lendable proceeds of such issue must be made available for a minimum period of time for owner financing of residences located within certain targeted areas, as described more fully below under the subheading “Targeted Area Requirement,” (iv) mortgagors must be informed regarding the recapture of a portion of the proceeds from the disposition of certain residences, as described more fully below under the subheading “Recapture Requirements,” (v) the issue must not meet the private business tests, as described more fully below under the subheading “Private Business Use Limitations,” (vi) amounts received as repayment of principal on the Mortgage Loans ten years after the date of issuance of the bonds must be used to redeem bonds that are part of the issue, as described more fully under the subheading “Redemption Requirements” below and (vii) the issue must meet certain reporting requirements, as set forth more fully below under the subheading “Reporting Requirements.”

In addition, to be “qualified mortgage bonds,” the bonds must have been approved by (i) the Governing Board of the Department and (ii) an “applicable elected representative” of the State after a public hearing following reasonable public notice. Further, the costs of issuance financed by an issue of bonds cannot exceed two percent of the proceeds of such issue. Additionally, the amount of such an issue of bonds, other than certain refunding bonds, when added to the amount of all other private activity bonds issued within the State during calendar year of issuance must not exceed the unified volume cap for private activity bonds imposed by the Code and applicable regulations.

Mortgage Eligibility Requirements

The Code contains six basic mortgage eligibility requirements that must be met at the time a mortgage is executed or assumed.

Residence Requirement. The Code requires that each home financed by a mortgage loan is a single-family residence (i) that can reasonably be expected to become the principal residence of the mortgagor within a reasonable time after financing is provided and (ii) located in the jurisdiction of the Department.

First-time Homebuyer Requirement. The Code requires that at least 95% of the net proceeds of an issue be used to finance residences of mortgagors who have not had a present ownership interest in their principal residences at any time during the three-year period prior to execution of the mortgage loan; provided, however, that the three-year requirement does not apply (i) to financings with respect to Targeted Area Residences, (ii) in the case of land possessed under a “contract for deed” by a mortgagor whose principal residence is located on such land and whose family income is not more than 50% of the area median family income (the “Contract for Deed Exception”), or (iii) financing of any residence of a qualified veteran, if such veteran has not previously qualified for and received such financing by reason of this exception. For purposes of the Contract for Deed Exception, the term “contract for deed” means a seller-financed contract for the conveyance of land under which legal title does not pass to the purchaser until the consideration under the contract is fully paid to the seller, and the seller's remedy for nonpayment is forfeiture rather than judicial or nonjudicial foreclosure.

Purchase Price Limitations. The Code requires that the acquisition cost of the residence may not exceed 90% of the “average area purchase price” applicable to such residence, or, in the case of Targeted Area Residences, 110% of the applicable “average area purchase price.” The Service has published “safe harbor rules” identifying purchase price limitations in the State that are considered to be in compliance with the requirements of the Code. The Department has determined to rely on the safe harbor figures for purposes of the Series 2025A Bonds.

Income Requirements. The Code requires that all the mortgage loans financed with the proceeds of an issue be provided to borrowers whose family income does not exceed 115% (100% in the case of individuals or families of two) of the greater of the statewide median income or the median income of the area in which the residence is located, subject to an upward adjustment in certain high housing cost areas. For Targeted Area Residences, the percentages in the foregoing sentence are 140% and 120%, respectively, and one-third of the financings may be provided without regard to such limits.

Requirements as to Assumptions of Mortgages. The Code provides that a mortgage loan may be assumed only if the assuming mortgagor complies with the residence requirement, first-time homebuyer requirement, purchase price limitations and income requirements, as if the loan were being made to the assuming mortgagor for the first time.

New Mortgage Requirement. The Code requires that no part of the proceeds of an issue of qualified mortgage bonds may be used to acquire or replace an existing mortgage (whether or not paid off) on the residence at any time prior to the execution of the new mortgage. An exception from the new mortgage requirement is provided for (i) the replacement of construction period loans, bridge loans or other similar

temporary initial financing having a term not exceeding 24 months, and (ii) certain residences described within the Contract for Deed Exception.

Requirements Related to Arbitrage and Rebate

Sections 143 and 148 of the Code provide that: (i) the effective interest rate on the mortgage loans financed with the proceeds of an issue of qualified mortgage bonds may not exceed the yield on such bonds by more than 1.125 percentage points; provided that, the Department may meet this requirement by the payment of yield reduction payments as set forth in the regulations promulgated under the Code; (ii) no more than 10% of the proceeds of an issue of bonds may be invested in any reserve or replacement fund; (iii) no more than the lesser of 5% of the proceeds of an issue of bonds or \$100,000 (other than amounts invested for certain temporary periods or in a “reasonably required reserve fund”) may be invested at a yield materially higher than the yield on such bonds; and (iv) the amount of funds held in certain accounts (other than amounts held for certain temporary periods) for an issue of bonds invested at a yield greater than the yield on such bonds may not exceed 150% of the current year's debt service on such bonds appropriately reduced as mortgage loans are prepaid. In calculating the effective interest rate on the mortgages, all amounts borne by the mortgagor either directly or indirectly must be taken into account.

The Code also requires the issuer to make rebate payments to the federal government in connection with certain investment earnings on non- mortgage investments, to the extent that such investment earnings exceed the amount that would have been earned on such investments if the investments were earning a return equal to the yield on the tax-exempt bonds to which such non-mortgage investments relate.

Targeted Area Requirement

The Code requires that either an amount equal to (a) at least 20% of the lendable proceeds of an issue of qualified mortgage bonds or (b) 40% of the average annual aggregate principal amount of mortgages executed during the immediately preceding three calendar years for single family, owner-occupied residences in targeted areas within the Department's jurisdiction, if such amount is less, must be reserved, for at least one year from the date on which owner-financing is first made available with respect to residences located within one or more targeted areas (“Targeted Area Residences”). Targeted Areas consist of (i) census tracts identified by the United States Treasury Department as having a substantial concentration of lower-income persons or (ii) areas of chronic economic distress designated by the State and approved by HUD. The State, at the request of the Department, has designated and HUD and the Secretary of the Treasury have approved, certain “areas of chronic economic distress” within the State. In addition, the Department has determined that there are “qualified census tracts” within the State.

Recapture Requirements

The Code subjects to a tax any mortgagor who disposes of an interest in a residence with respect to which there is or was any federally-subsidized indebtedness (i.e., a mortgage loan), the payment for which the mortgagor was liable in whole or in part. Specifically, such a mortgagor is subject to the payment of an additional tax reflecting the “recapture amount” with respect to such indebtedness. This recapture amount is determined pursuant to a formula established in the Code based on the “federally-subsidized amount,” the time of disposition and certain family income limits applicable to the mortgagor. This recapture provision does not apply to any disposition of an interest in a residence by reason of death or any such disposition that is more than nine years after the date the mortgage loan is made.

In order to facilitate the collection of the recapture amount from mortgagors, the Code requires that the issuer of any issue of qualified mortgage bonds, at the time of settlement of a mortgage loan, provide a written statement informing the mortgagor of the potential recapture under the Code. Furthermore, the Code requires that the issuer, not later than 90 days after the date each such mortgage is closed, provide a written

statement to the mortgagor specifying the federally-subsidized amount with respect to such mortgage loan and the applicable income limits.

Private Business Use Limitations

The Code provides that an issue of qualified mortgage bonds must not meet the private business use test and the private security or payment tests set out in sections 141(b)(1) and (2) of the Code. The private business use test limits, subject to certain exceptions, the amounts of proceeds that can be used, directly or indirectly, in a trade or business carried on by any person (other than a natural person) that is not a state or local governmental unit to no more than 10% of the proceeds of the issue. The private security or payment test provides that, subject to certain exceptions, the payment of principal of, or the interest on, more than 10% of the proceeds of an issue be, directly or indirectly, (i) secured by any interest in property used or to be used for a private business use or payments in respect of such property or (ii) be derived from payments in respect of such property.

Redemption Requirements

The Code contains two redemption requirements that must be satisfied in order for an issue of bonds to be treated as “qualified mortgage bonds.” The Code requires that all proceeds of an issue of qualified mortgage bonds in an amount of \$250,000 or more that are not expended to finance residences within 42 months of the date of issuance of such bonds must be used within such 42-month period to redeem bonds that are part of such issue of bonds. The Code also requires that all amounts of \$250,000 or more that are received by the issuer and representing complete repayments of mortgage loans or prepayments of principal of mortgage loans must be used to redeem bonds of the same issue not later than the close of the first semiannual period beginning after the date the prepayment or complete repayment is received; provided that, such requirement does not apply to amounts received within 10 years after the date of issuance of the original bonds.

Reporting Requirements

An issuer of qualified mortgage bonds is required to file with the Secretary of the Treasury an informational report containing various data regarding such bonds and the mortgages financed with the proceeds thereof.

Compliance with Tax Requirements

With respect to the mortgage eligibility requirements described above, the Code provides that such requirements will be treated as having been met if: (i) the issuer attempts in good faith to meet such requirements before the mortgage loans are executed; (ii) 95% or more of the lendable proceeds were used for mortgage loans that met all the mortgage eligibility requirements at the time of execution or assumption; and (iii) any failure to meet such requirements is corrected within a reasonable period of time after such failure is discovered. In determining whether or not 95% of the mortgage loans satisfy the mortgage eligibility requirements, the issuer is entitled to rely upon affidavits of the mortgagors and sellers of residences financed with the mortgage loans and upon federal income tax returns of the mortgagors, even if the relevant information in such affidavits and returns ultimately proves to be false, unless the issuer knows or has reason to know that such information is false.

The Code provides that the requirements related to arbitrage, Targeted Area Residences and recapture will be treated as having been met if: (i) the issuer attempts in good faith to meet such requirements and (ii) any failure to meet such requirements is due to inadvertent error after having taken reasonable steps to comply with such requirements.

The Department has covenanted in the Trust Indenture and the Mortgage Lenders and the Master Servicer have covenanted in the Program Agreements to (i) comply with the above-described requirements of the Code with respect to the proceeds of the Series 2025A Bonds and (ii) establish and follow procedures and safeguards sufficient to ensure compliance with such requirements. Nevertheless, if the Department, a Mortgage Lender, or the Master Servicer should fail to comply with such covenants, interest on the Series 2025A Bonds could become includable in gross income for federal income tax purposes from the date of issuance thereof, regardless of the date on which the event causing such inclusion occurs.

CONTINUING DISCLOSURE OF INFORMATION

In the Continuing Disclosure Agreement, dated as of [February] 1, 2025 (the “Disclosure Agreement”), between the Trustee and the Department, the Department has made the following agreement for the benefit of the holders and beneficial owners of the Series 2025A Bonds. The Department is required to observe the Disclosure Agreement for so long as it remains obligated to advance funds to pay the Series 2025A Bonds. Under the Disclosure Agreement, the Department will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified events, to the Municipal Securities Rulemaking Board (the “MSRB”).

No Eligible Borrower is an “obligated person” (as defined in Rule 15c2-12 (as amended, the “Rule”) of the United States Securities and Exchange Commission (the “SEC”) under the Securities Exchange Act of 1934, as amended for whom financial information or operating data would be presented in this Official Statement had such Eligible Borrower been known at the time of the offering of the Series 2025A Bonds.

The Department's Bond Finance Division has policies and procedures in place to assist the Department in complying with continuing disclosure undertakings such as the Disclosure Agreement. The Department's policies and procedures and the Disclosure Agreement were amended in response to the two notice events added, effective February 27, 2019, to the list of events for which notice is required by the Rule. See “—Event Notices.”

Annual Reports

The Department will provide certain updated financial information and operating data to the MSRB annually within six months after the end of its Fiscal Year. The information to be updated includes all quantitative financial information and operating data with respect to the Department of the general type included in this Official Statement in “APPENDIX D-1 – ADDITIONAL INFORMATION CONCERNING MORTGAGE CERTIFICATES” and “APPENDIX D-2 – BOND SUMMARY OF THE TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS” and the annual financial statements of the Texas Department of Housing and Community Affairs – Revenue Bond Enterprise Fund for the Fiscal Year ended August 31, 2023 and for each subsequent Fiscal Year (financial statements for the last completed Fiscal Year will be unaudited, unless an audit is performed in which event the audited financial statements will be made available). The Department will update and provide this information within six months after the end of each Fiscal Year ending on or after August 31. The Department will provide the updated information to the MSRB.

The Department may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by the Rule. The updated information will include audited financial statements, if the Department commissions an audit and it is completed by the required time. If audited financial statements are not available by the required time, the Department will provide unaudited financial statements within the required time and audited financial statements when and if the audit report becomes available. Any such financial statements will be prepared in accordance with the accounting principles described herein under “FINANCIAL STATEMENTS” or such other accounting

principles as the Department may be required to employ from time to time pursuant to state law or regulation.

The Department's current Fiscal Year ends on August 31, 2024. Accordingly, it will provide updated information to the MSRB in the electronic format prescribed by the MSRB, if any, by the last day of February in the year 2025 and will be required to provide updated information to the MSRB by the last day of February in each year thereafter, unless the Department changes its Fiscal Year. If the Department changes its Fiscal Year, it will notify the MSRB of the change.

The Department determined in 2017 that the annual disclosure of information regarding the Residential Mortgage Revenue Bond Program (“RMRB Program”) would no longer include certain annual information since the RMRB Program has no whole mortgage loans and over 99% of the mortgage-backed certificates are Ginnie Mae Certificates. As such, information related to: (i) whole mortgage loans and (ii) mortgage-backed certificate type and delinquency data are immaterial to the current RMRB Program and were and will be omitted in its annual disclosure. Based on the changing make-up of the pledged assets under the Department's various indentures, the Department will determine materiality of disclosure items and may modify its disclosure accordingly in the future.

Event Notices

The Department will provide notice to the MSRB of any of the following events with respect to the Series 2025A Bonds, if such event is material within the meaning of the federal securities laws: (1) non-payment related defaults; (2) modifications to rights of securities holders; (3) Series 2025A Bond calls, if material, and tender offers; (4) release, substitution, or sale of property securing repayment of the Series 2025A Bonds; (5) the consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; (6) appointment of a successor or additional trustee or the change of name of a trustee; and (7) incurrence of a financial obligation of the Department, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Department, any of which affect security holders.

The Department will also provide notice to the MSRB of any of the following events with respect to the Series 2025A Bonds without regard to whether such event is considered material within the meaning of the federal securities laws: (1) principal and interest payment delinquencies; (2) unscheduled draws on debt service reserves reflecting financial difficulties; (3) unscheduled draws on credit enhancements reflecting financial difficulties; (4) substitution of credit or liquidity providers, or their failure to perform; (5) adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax-exempt status of the Series 2025A Bonds, or other events affecting the tax-exempt status of the Series 2025A Bonds; (6) defeasances; (7) rating changes; and (8) bankruptcy, insolvency, receivership or similar event of an obligated person; and (9) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Department, any of which reflect financial difficulties.

For the purposes of the above described event notices, the term “financial obligation” means a (i) debt obligation, (ii) derivative instrument entered into in connection with or pledged as security or a source of payment for, an existing or planned debt obligation, or (iii) a guarantee of (i) or (ii); provided however, that a “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule. The Department has expressed its intent in the Disclosure Agreement that the words used in (7) in the first paragraph of this subcaption and item (9) immediately above and the definition of “financial obligation” to have the meanings ascribed to them in SEC Release No. 34-83885, dated August 20, 2018.

The Department will provide notice of the aforementioned events to the MSRB in a timely manner (but not in excess of ten business days after the occurrence of the event). The Department will also provide timely notice of any failure by the Department to provide annual financial information in accordance with their agreement described above under “Annual Reports.”

Availability of Information from MSRB

The Department has agreed to provide the foregoing information only to the MSRB. The information will be available to holders of Series 2025A Bonds only if the holders comply with the procedures and pay any charges that may be established by the MSRB such information vendors or obtain the information through securities brokers who do so. Such information is available at no charge at www.emma.msrb.org.

Limitations and Amendments

The Department has agreed to update information and to provide notices of material events only as described above. The Department has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The Department makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Series 2025A Bonds at any future date. The Department disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its Disclosure Agreement or from any statement made pursuant to its Disclosure Agreement, although holders of Series 2025A Bonds may seek a writ of mandamus to compel the Department to comply with its Disclosure Agreement.

The Disclosure Agreement may be amended by the Department and the Trustee from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the Department, but only if (1) the provisions, as so amended, would have permitted an underwriter to purchase or sell any Series 2025A Bonds in the primary offering of the Series 2025A Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule since such offering as well as such changed circumstances and (2) either (a) the holders of a majority in aggregate principal amount (or any greater amount required by any other provision of the Disclosure Agreement that authorizes such an amendment) of the Outstanding Series 2025A Bonds consent to such amendment or (b) a person that is unaffiliated with the Department (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interest of the holders and beneficial owners of the Series 2025A Bonds. If the Department so amends the Disclosure Agreement, it has agreed to include with any financial information or operating data next provided in accordance with its agreement described above under “Annual Reports” an explanation, in narrative form, of the reasons for the amendment and of any change in the type of financial information and operating data so provided. The Department may also amend or repeal the provisions of the Disclosure Agreement if the SEC amends or repeals the applicable provision of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling any Series 2025A Bonds in the primary offering of such Series 2025A Bonds.

Notwithstanding the foregoing, under current state law, the Department is required to have an audit performed annually by independent accountants, which audit is available to any person who makes a request to the Department and upon payment of the cost of copying thereof.

Duties, Immunities, and Liabilities of Trustee

The Trust Indenture is made applicable to the Disclosure Agreement as if the Disclosure Agreement were (solely for this purpose) contained in the Trust Indenture. The Trustee shall have only such duties as

are specifically set forth in the Disclosure Agreement, and no implied covenants shall be read into the Disclosure Agreement against the Trustee.

RATINGS

Moody's Investors Service, Inc. ("Moody's") and S&P Global Ratings, a division of S&P Global, Inc. ("S&P"), have assigned ratings to the Series 2025A Bonds of "___" and "___," respectively. An explanation of the significance of such ratings may be obtained from the companies furnishing the ratings. The ratings do not represent recommendations to buy, sell, or hold the Series 2025A Bonds. The ratings reflect only the respective views of such organizations at the time such ratings were assigned and the Department makes no representation as to the appropriateness of the ratings.

There is no assurance that any ratings assigned to the Series 2025A Bonds will continue for any given period of time or that they will not be revised downward or withdrawn entirely by either or both of such rating companies, if in the judgment of either or both companies, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Series 2025A Bonds.

UNDERWRITING

The Series 2025A Bonds are being purchased from the Department by the Underwriters listed on the cover page of this Official Statement. Pursuant to the bond purchase agreement for the Series 2025A Bonds (the "Bond Purchase Agreement"), the Underwriters have agreed to purchase the Series 2025A Bonds at a total purchase price of \$_____ (including \$_____ of premium). The Underwriters will receive a fee of \$_____ in connection with the purchase of the Series 2025A Bonds. The Bond Purchase Agreement provides, among other things, that the Underwriters' obligations to make their respective purchases are subject to certain terms and conditions set forth in such Bond Purchase Agreement, including the approval of certain legal matters by their counsel and certain other conditions. The initial public offering prices of the Series 2025A Bonds may be changed, from time to time, by the Underwriters. The Underwriters may offer and sell the Series 2025A Bonds to certain dealers (including dealers depositing the Series 2025A Bonds into unit investment trusts, certain of which may be sponsored or managed by one or more of the Underwriters) and others at prices other than the public offering prices stated on the inside front cover hereof.

[Distribution Agreements]

Morgan Stanley & Co. LLC, one of the Underwriters of the Series 2025A Bonds, has entered into a retail distribution agreement with its affiliate Morgan Stanley Smith Barney LLC. As part of the distribution agreement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Series 2025A Bonds.

J.P. Morgan Securities LLC ("JPMS"), one of the Underwriters of the Series 2025A Bonds, has entered into negotiated dealer agreements (each, a "Dealer Agreement") with each of Charles Schwab & Co., Inc. ("CS&Co.") and LPL Financial LLC ("LPL") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement, each of CS&Co. and LPL may purchase Series 2025A Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Series 2025A Bonds that such firm sells.

Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association, which conducts its municipal securities sales, trading and underwriting operations

through the Wells Fargo Bank, NA Municipal Finance Group, a separately identifiable department of Wells Fargo Bank, National Association, registered with the Securities and Exchange Commission as a municipal securities dealer pursuant to Section 15B(a) of the Securities Exchange Act of 1934.

Wells Fargo Bank, National Association, acting through its Municipal Finance Group (“WFBNA”), one of the underwriters of the Series 2025A Bonds, has entered into an agreement (the “WFA Distribution Agreement”) with its affiliate, Wells Fargo Clearing Services, LLC (which uses the trade name “Wells Fargo Advisors”) (“WFA”), for the distribution of certain municipal securities offerings, including the Series 2025A Bonds. Pursuant to the WFA Distribution Agreement, WFBNA will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the Series 2025A Bonds with WFA. WFBNA has also entered into an agreement (the “WFSLLC Distribution Agreement”) with its affiliate Wells Fargo Securities, LLC (“WFSLLC”), for the distribution of municipal securities offerings, including the Series 2025A Bonds. Pursuant to the WFSLLC Distribution Agreement, WFBNA pays a portion of WFSLLC’s expenses based on its municipal securities transactions. WFBNA, WFSLLC, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Certain of the Underwriters and their respective affiliates have provided, and may in the future provide, a variety of these services to the Department and to persons and entities with relationships with the Department, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps, and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the Department (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the Department.

The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

FINANCIAL ADVISOR

Stifel, Nicolaus & Co., Inc. (the “Financial Advisor”) has served as financial advisor to the Department for purposes of assisting the Department with the development and implementation of the bond program in connection with the Series 2025A Bonds. The Financial Advisor has not been engaged by the Department to compile, create or interpret any information in this Official Statement relating to the Department, including (without limitation) any of the Department's financial and operating data, whether historical or projected. Any information contained in this Official Statement concerning the Department, any of its affiliates or contractors and any outside parties has not been independently verified by the Financial Advisor, and inclusion of such information is not and should not be construed as a

representation by the Financial Advisor as to its accuracy or completeness or otherwise. The Financial Advisor is not a public accounting firm, and has not been engaged by the Department to review or audit any information in this Official Statement in accordance with accounting standards.

The Financial Advisor does not assume any responsibility for the covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Series 2025A Bonds, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

FINANCIAL STATEMENTS

The financial statements of the Texas Department of Housing and Community Affairs-Revenue Bond Enterprise Fund as of and for the fiscal year ended August 31, 2023, have been audited by the Texas State Auditor's Office, independent auditors, as stated in their report rendered in connection therewith and are incorporated by reference in this Official Statement.

The financial data as of and for the eleventh month ended July 31, 2024 which is incorporated by reference in this Official Statement, has been derived from the unaudited internal records of the Department. The Department's independent auditors have not reviewed, examined, or performed any procedures with respect to the unaudited financial information, nor have they expressed an opinion or any other form of assurance on such information, and assume no responsibility for, and disclaim any association with the unaudited information. The unaudited information is preliminary and is subject to change as a result of the audit and may materially differ from the audited financial statements when they are released.

The Department's FY2023 Audited Financial Statements (Revenue Bond Enterprise Fund) as of August 31, 2023 are available for inspection at the Department's offices, upon request, or at:

<https://www.tdhca.texas.gov/programs/financial-administration-division>

The Department's Interim Financial Statements as of July 31, 2024 are available for inspection at the Department's offices, upon request, or at:

<https://www.tdhca.texas.gov/programs/bond-finance>

THE SERIES 2025A BONDS ARE SECURED ONLY BY THE ASSETS AND REVENUES DESCRIBED UNDER THE CAPTION "SECURITY FOR THE BONDS" AND NOT BY ANY OTHER SOURCE.

LITIGATION MATTERS

The Department is expected to deliver a certificate upon the delivery of the Series 2025A Bonds stating that there is no controversy or litigation of any nature pending or, to its knowledge, threatened to restrain or enjoin the delivery of the Series 2025A Bonds, or in any way contesting or affecting the validity of the Series 2025A Bonds, the Trust Indenture, or any proceedings of the Department taken with respect to the delivery of the Series 2025A Bonds, or the existence or powers of the Department insofar as they relate to the delivery of the Series 2025A Bonds or such pledge or application of moneys and security.

APPROVAL OF LEGALITY

Legal matters incident to the delivery of the Series 2025A Bonds are subject to the approving opinion of Bracewell LLP, Bond Counsel. Certain legal matters will be passed upon for the Department by its General Counsel, James "Beau" Eccles, Esq., and by its Disclosure Counsel, McCall, Parkhurst &

Horton L.L.P. Certain legal matters will be passed upon for the Underwriters by their counsel Chapman and Cutler LLP.

In its capacity as Bond Counsel, Bracewell LLP has reviewed the information appearing in this Official Statement describing the Series 2025A Bonds, the security therefor and the federal income tax status thereof, appearing under “THE SERIES 2025A BONDS” (but excluding the (i) phrases regarding maintaining the original yield under “– Redemption Provisions,” (ii) third paragraph under “– Redemption Provisions – Special Redemption from Unexpended Proceeds of Series 2025A Bonds,” (iii) third paragraph under “– Redemption Provisions – Special Redemption from Unexpended Proceeds of Series 2025A Bonds,” and (iv) information contained therein under the subheading “—Average Life and Prepayment Speeds”), “SECURITY FOR THE BONDS” (but excluding the information contained therein under the subheading “—Certain Information as to Revenues, Investments, Debt Service and Department Expenses”), “THE TRUST INDENTURE,” “TAX MATTERS RELATING TO THE SERIES 2025A BONDS,” “TAX MATTERS RELATING TO THE SERIES 2025A BONDS,” “APPROVAL OF LEGALITY,” APPENDIX A, APPENDIX C and APPENDIX H — “Texas Treasury Safekeeping Trust Company,” APPENDIX H — “Legality for Investment” and APPENDIX H — “The Program and the Mortgage Loans” (but excluding the information under the subheadings “—Servicing,” “—The Master Servicers” and “—Investment of Funds”), to this Official Statement solely to determine whether such information fairly and accurately describes or summarizes the provisions of the Act, the laws of the State, the Trust Indenture, the Forty-Fifth Supplemental Indenture, the Depository Agreement, the Series 2025A Bonds and certain aspects of its opinion relating to the federal tax implications with respect to the Series 2025A Bonds. Bond Counsel was not requested to participate and did not take part in the preparation of any other information contained herein and did not assume responsibility with respect thereto or undertake independently to verify the accuracy of any of such information. Except as set forth above, Bond Counsel does not pass upon the fairness, accuracy or completeness of this Official Statement, and no person is entitled to rely upon such firm's limited participation as an assumption of responsibility for or an expression of opinion of any kind with regard to the accuracy or completeness of the information contained herein.

ADDITIONAL INFORMATION

Certain provisions of the Act and the Trust Indenture are summarized in this Official Statement. Such summaries do not purport to be comprehensive or definitive and reference is made to such documents for a full and complete statement of their respective provisions. The information contained above is subject to change without notice and no implication is to be derived therefrom or from the sale of the Series 2025A Bonds that there has been no change in the affairs of the Department from the date hereof.

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This Official Statement is submitted in connection with the sale of the securities referred to herein and may not be reproduced or used, as a whole or in part, for any other purpose. Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Department and the purchasers or owners of any of the Series 2025A Bonds.

TEXAS DEPARTMENT OF HOUSING AND
COMMUNITY AFFAIRS

By: /s/ _____
Chair and Member
Governing Board

By: /s/ _____
Executive Director

APPENDIX A

GLOSSARY

Unless otherwise provided in the text of this Official Statement, capitalized terms used in this Official Statement shall have the following definitions:

“Act” shall mean Chapter 2306, Government Code, as amended from time to time (together with other laws of the State applicable to the Department).

“Assisted Loan” shall mean a Mortgage Loan that includes a DPA Loan.

“Authorized Denominations” shall mean \$5,000 principal amount or any integral multiples thereof.

“Authorized Representative of the Department” shall mean the Chair or Vice Chair of the Board, the Executive Director of the Department, the Director of Financial Administration of the Department, the Director of Bond Finance of the Department, the Manager of Single Family Finance of the Department and the Secretary or any Assistant Secretary to the Board or any other employee or officer or member of the Department authorized to perform specific acts or duties by resolution duly adopted by the Board and as evidenced by a written certificate delivered to the Trustee containing the specimen signature of such person.

“Board” shall mean the Governing Board of the Department.

“Bond Counsel” shall mean a firm or firms of attorneys selected by the Department and acceptable to the Trustee, experienced in the field of housing revenue bonds the interest on which is excludable from gross income for federal income tax purposes, and whose legal opinion on such bonds is acceptable in national bond markets.

“Bond Year” shall mean each twelve-month period that ends on December 31.

“Bonds” shall mean, unless subordinated, any bond or bonds, as the case may be, authenticated and delivered pursuant to the Trust Indenture.

“Business Day” shall mean any day other than a (i) Saturday or Sunday, (ii) day on which banking institutions in New York, New York, the State, or the city in which the payment office of the Paying Agent is located are authorized or obligated by law or executive order to be closed for business, or (iii) day on which the New York Stock Exchange is closed.

“Cashflow Certificate” shall mean a written certificate signed by an Authorized Representative of the Department stating that the action described in the Letter of Instructions to which such certificate pertains is consistent with the assumptions used in the Cashflow Statement most recently filed with the Trustee.

“Cashflow Statement” shall mean a cashflow statement conforming to the requirements of the Trust Indenture.

“Certificate Purchase Period” shall mean the period from the date of initial delivery of the Series 2025A Bonds to and including ____ 1, 2025*, but which may be extended to a date no later than _____ 1, 202_, in accordance with the Forty-Fifth Supplemental Indenture.

* Preliminary, subject to change.

“Code” shall mean the Internal Revenue Code of 1986, as amended, and, with respect to a specific section thereof, such reference shall be deemed to include (a) the Regulations promulgated under such section, (b) any successor provision of similar import hereafter enacted, (c) any corresponding provision of any subsequent Internal Revenue Code and (d) the regulations promulgated under the provisions described in clauses (b) and (c).

“Costs of Issuance” shall mean the items of expense payable or reimbursable directly or indirectly by the Department and related to the authorization, sale, issuance and remarketing of Bonds, which items of expense shall include without limiting the generality of the foregoing: travel expenses; printing costs; costs of reproducing documents; computer fees and expenses; filing and recording fees; initial fees and charges of the Fiduciaries; bond discounts; underwriting fees and remarketing fees; legal fees and charges; consulting fees and charges; auditing fees and expenses; financial advisory fees; credit rating fees; initial amounts paid to obtain Supplemental Mortgage Security or a Credit Agreement; fees and charges for execution, transportation and safekeeping of Bonds; and other administrative or other costs of issuing, carrying, repaying, and remarketing Bonds and investing the Bond proceeds and costs incurred in marketing or advertising the Program.

“Credit Agreement” shall mean (i) any agreement of the Department entered into in connection with and for the purpose of (A) enhancing or supporting the creditworthiness of a Series of Bonds or (B) providing liquidity with respect to Bonds which by their terms are subject to tender for purchase, and (ii) a Swap Agreement. A determination by the Department that an agreement constitutes a Credit Agreement under this definition shall be conclusive.

“Credit Agreement Obligations” shall mean any amounts payable by the Department under and pursuant to a Credit Agreement other than amounts payable as a Termination Payment.

“Department” shall mean the Texas Department of Housing and Community Affairs and its successors and assigns.

“Department Expenses” shall mean the Department's expenses of carrying out and administering its powers, duties and functions in connection with mortgage loans and shall include without limiting the generality of the foregoing: salaries, supplies, utilities, labor, materials, office rent, maintenance, furnishings, equipment, machinery and apparatus; expenses for data processing, insurance premiums, legal, accounting, management, consulting and banking services and expenses; the fees and expenses of the Fiduciaries; mortgage loan servicing fees; Costs of Issuance not paid from proceeds of Bonds; payments to pension, retirement, health and hospitalization funds; amounts paid to obtain and maintain Supplemental Mortgage Security; Credit Agreement Obligations; and any other expenses required or permitted to be paid by the Department under the provisions of the Act, the Master Indenture and any Supplemental Indenture.

“Depository” shall mean the Texas Treasury Safekeeping Trust Company, acting in accordance with the Depository Agreement, and any bank or trust company appointed pursuant to the Trust Indenture to act as depository of certain moneys and investments.

“DPA Loan” means a subordinated, no stated interest loan for down payment and closing costs made to a mortgagor under the Program in an amount as identified in the commitment lot notice applicable to the 2025A Mortgage Loan, subject to adjustment from time to time at the direction of the Department. DPA Loans are due on sale, refinance, or repayment of the first mortgage and have a thirty year term.

“Eligible Borrower” shall mean eligible borrowers who meet the criteria described under “APPENDIX H – SUMMARY OF INFORMATION REGARDING THE PROGRAM AND MORTGAGE LOANS AND OTHER MATTERS – The Program and the Mortgage Loans – Eligible Borrowers.”

“Excess Revenues” shall mean any moneys remaining in the Revenue Fund and transferred to the Residual Revenues Fund after all other transfers required by the Trust Indenture on any maturity date or redemption date for the Bonds.

“Fannie Mae” shall mean the Federal National Mortgage Association, a federally-chartered and stockholder-owned corporation organized and existing under the Federal National Mortgage Association Charter Act, 12 U.S.C. §1716 et seq.

“Fannie Mae Certificate” shall mean a guaranteed mortgage pass-through Fannie Mae Mortgage-Backed Security bearing interest at the applicable Pass-Through Rate, issued by Fannie Mae in book-entry form, transferred to the account of the Trustee or its nominee (or any successor or transferee), guaranteed as to timely payment of principal and interest by Fannie Mae and backed by conventional Mortgage Loans in the related Fannie Mae pool.

“FDIC” shall mean the Federal Deposit Insurance Corporation or any successor agency or instrumentality of the United States of America.

“FHA” shall mean the Federal Housing Administration or its successors.

“Fiduciaries” shall mean the Trustee, the Depository, and any bond depository and any paying agent.

“Forty-Fifth Supplemental Indenture” shall mean the Forty-Fifth Supplemental Residential Mortgage Revenue Bond Trust Indenture dated as of [February] 1, 2025, by and between the Department and the Trustee, together with any amendments.

“Freddie Mac” shall mean the Federal Home Loan Mortgage Corporation, a corporation organized and existing under the laws of the United States of America, or its successor.

“Fund” shall mean the Mortgage Loan Fund, the Cost of Issuance Fund, the Revenue Fund, the Interest Fund, the Principal Fund, the Special Redemption Fund, the Rebate Fund, the Expense Fund, the Residual Revenues Fund and the Special Mortgage Loan Fund established under the Trust Indenture.

“Ginnie Mae” or “GNMA” shall mean the Government National Mortgage Association, a government sponsored enterprise organized and existing under the laws of the United States.

“Ginnie Mae Certificate” or “GNMA Certificate” shall mean a fully-modified, mortgage-backed, pass-through security (a GNMA I Mortgage Pass-Through Certificate or a GNMA II Mortgage Pass-Through Certificate) issued by the Master Servicer in accordance with the applicable GNMA Guide bearing interest at the applicable Pass-Through Rate and representing the beneficial ownership interest in a GNMA pool, registered in the name of the Trustee and guaranteed as to timely payment of principal and interest by GNMA pursuant to Section 306(g) of Title III of the National Housing Act of 1934 and regulations promulgated thereunder backed by Mortgage Loans originated by Mortgage Lenders under the Program and packaged by the Master Servicer into a GNMA pool.

“Government Obligations” shall mean direct obligations of, or obligations the principal of and interest on which are guaranteed by the full faith and credit of, the United States of America.

“Investment Securities” shall mean and include any one or more of the following securities, if and to the extent the same are at the time legal for investment of Department funds:

- (a) Government Obligations;

- (b) FHA debentures;
- (c) Obligations, debentures, notes or other evidences of indebtedness issued or guaranteed by any agency or instrumentality of the United States of America acting pursuant to authority granted by the Congress of the United States, including, without limitation the following: Fannie Mae (excluding mortgage-backed securities valued at greater than par on the portion of unpaid principal and mortgage-backed securities representing payment of principal only or interest only with respect to the underlying loans); Freddie Mac, GNMA, Student Loan Marketing Association, or other successor agencies;
- (d) Obligations issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a pledge of annual contributions under an annual contributions contract or contracts with the United States of America; or temporary notes, preliminary loan notes or project notes issued by public agencies or municipalities, in each case fully secured as to the payment of both principal and interest by a requisition or payment agreement with the United States of America;
- (e) Debt obligations (excluding obligations that do not have a fixed par value and/or the terms of which do not provide for payment of a fixed dollar amount at maturity or redemption) of any person, but only if such debt obligations are rated by each Rating Agency in a category at least as high as the rating then assigned to the Bonds by each such Rating Agency;
- (f) Federal funds, unsecured certificates of deposit, time deposits and banker's acceptances (in each case, having maturities not in excess of one year) of any bank the short-term unsecured debt obligations of which are rated by each Rating Agency in the highest category for short-term obligations.
- (g) Certificates of deposit and time deposits which are fully insured as to principal and interest by the FDIC;
- (h) Commercial paper having maturities not in excess of one year rated by each Rating Agency in the highest category for short-term obligations;
- (i) Money market funds rated by each Rating Agency in the highest category for money market funds;
- (j) Repurchase agreements the subject of which are obligations described in clauses (a), (b), (c) or (d) above, with: (i) any Person whose long-term unsecured general indebtedness is rated by each Rating Agency in a category at least as high as the rating then assigned to the Bonds by each such Rating Agency, or if the term of such repurchase agreement does not exceed one year, whose short-term unsecured general indebtedness is rated by each Rating Agency in the highest category for short-term obligations; and (ii) with any member of the Association of Primary Dealers;
- (k) Investment agreements secured or unsecured as required by the Department, with any Person whose long-term unsecured general indebtedness is rated by each Rating Agency in a category at least as high as the rating then assigned to the Bonds by each such Rating Agency or, if the term of such investment agreement does not exceed one year, whose short-term unsecured general indebtedness is rated by each Rating Agency in the highest category for short-term obligations⁽¹⁾; and

⁽¹⁾ The Department may enter into other investment agreements if the requirements of paragraph (1) of this definition of "Investment Securities" are satisfied.

(l) Investment securities described in any Supplemental Indenture the inclusion of which in the definition of Investment Securities for purposes of the Trust Indenture will not adversely affect, in and of itself, any rating then assigned to the Bonds by a Rating Agency, as evidenced by a letter from each such Rating Agency.

“Letter of Instructions” shall mean, with respect to the Series 2025A Bonds, a written directive and authorization to the Trustee or any Depository specifying the period of time for which such directive and authorization shall remain in effect, executed by two Authorized Representatives of the Department.

“Master Servicer” shall mean, with respect to Program 110, initially, the Idaho Housing and Finance Association, and then The Money Source, Inc. (TMS), or any successor thereto as a servicer for such program, including any designee to act on its behalf. Otherwise, the term refers the servicer for the respective Mortgage Loans.

“Master Indenture” shall mean the Amended and Restated Residential Mortgage Revenue Bond Trust Indenture, dated as of July 1, 2019, between the Department and the Trustee, which amended and restated the Residential Mortgage Revenue Bond Trust Indenture, dated as of November 1, 1987, as previously amended and supplemented, pursuant to which the Bonds of each Series are authorized to be issued.

“Mortgage” shall mean any mortgage or deed of trust securing a Mortgage Loan.

“Mortgage Certificate” shall mean a mortgage-backed security that evidences beneficial ownership of a mortgage pool, that satisfies the requirements of the applicable Series Supplement and that is purchased from amounts identified in the applicable Series Supplement and pledged by the Department to the Trustee pursuant to the Trust Indenture.

“Mortgage Lender” shall mean any bank or trust company, mortgage banker approved by Fannie Mae or Freddie Mac, national banking association, savings bank, savings and loan association, non-profit corporation, mortgage company, the Department, any financial institution or governmental agency and any other entity approved by the Department; provided such mortgage lender is authorized to make mortgage loans satisfying the requirements of the Trust Indenture.

“Mortgage Loan” shall mean (i) any loan evidenced by a Mortgage Note and secured by a Mortgage which satisfies the requirements of the Trust Indenture, which is made, acquired or refinanced, directly or indirectly, from amounts in the Mortgage Loan Fund or other moneys of the Department (including amounts derived from temporary indebtedness incurred in anticipation of the issuance of Bonds), and which is pledged by the Department to the Trustee pursuant to the Trust Indenture; and (ii) any evidence of a participation in a loan described above. In the proper context, Mortgage Loan may mean and include a Mortgage Certificate.

“Mortgage Loan Principal Payment” shall mean, with respect to any Mortgage Loan, all amounts representing (i) scheduled payments of principal thereof and (ii) Mortgage Loan Principal Prepayments other than portions, if any, of Mortgage Loan Principal Prepayments representing any penalty, fee, premium or other additional charge for the prepayment of principal which may be paid pursuant to the terms of a Mortgage Loan.

“Mortgage Loan Principal Prepayment” shall mean any moneys received or recovered by the Department from any payment of or with respect to principal (including any penalty, fee, premium or other additional charge for prepayment of principal which may be provided by the terms of a Mortgage Loan) on any Mortgage Loan other than the scheduled payments of principal called for by such Mortgage Loan, whether (i) by voluntary prepayment made by the borrower, (ii) as a consequence of the damage, destruction or condemnation of the mortgaged premises or any part thereof (other than insurance moneys received or recovered and used in accordance with the provisions of the Trust Indenture to repair or reconstruct the mortgaged premises which were the subject of insurance proceeds), (iii) by the sale, assignment, endorsement

or other disposition of such Mortgage Loan by the Department, (iv) in the event of a default thereon by the borrower, by the acceleration, sale, assignment, endorsement or other disposition of such Mortgage Loan by the Department or by any other proceedings taken by the Department, (v) from any special hazard insurance policy or standard hazard insurance policy covering mortgaged premises, (vi) from any Supplemental Mortgage Security, or (vii) from any proceeds received from any private mortgage insurer, the FHA, the VA, the RDA or any other agency or instrumentality of the United States of America in respect of any primary mortgage insurance or guaranty of a Mortgage Loan.

“Mortgage Note” shall mean any note, bond or other instrument evidencing a borrower's obligation to repay a Mortgage Loan.

“Mortgage Pool” shall mean, with respect to a Mortgage Certificate, the pool of Mortgage Loans the beneficial ownership of which is represented by such Mortgage Certificate, as described in the schedule of pooled Mortgage Loans pertaining to such Mortgage Certificate.

“Outstanding” shall mean, when used with reference to Bonds, as of any date, Bonds theretofore or thereupon being authenticated and delivered under the Trust Indenture except:

- (a) Bonds canceled by the Trustee or delivered to the Trustee for cancellation at or prior to such date;
- (b) Bonds in lieu of or in substitution for which other Bonds shall have been authenticated and delivered pursuant to the Trust Indenture; and
- (c) Bonds deemed to have been paid as provided in the Trust Indenture.

“Pass-Through Rate” shall mean the interest rate accruing each month on a 2025A Mortgage Certificate, which will equal the mortgage rate of the 2025A Mortgage Loans backing the 2025A Mortgage Certificate less servicing and guaranty fees, which fees are retained by the Master Servicer.

“Person” shall mean an individual, a corporation, a partnership, a limited liability company, an association, a trust or any other entity or organization, including a governmental or political subdivision or an agency or instrumentality thereof.

“Premium PAC Term Bond” shall mean the Series 2025A Bond maturing on ____ 1, 20__*, which was sold at a premium as shown on the inside cover page.

“Premium Serial Bonds” shall mean the Series 2025A Bonds maturing ____, 20__* through ____, 20__*, inclusive, which were sold at a premium as shown on the inside cover page.

“Premium Term Bonds” shall mean the Term Bonds due ____, 20__* and ____, 20__*, which were sold at a premium as shown on the inside cover page.

“Program 110” shall mean the program established by the Department pursuant to which the Department makes, acquires or refinances, directly or indirectly, Mortgage Loans or Mortgage Certificates related to the Series 2025A Bonds.

“Rating Agency” shall mean: (i) S&P Global Ratings, and any successor thereto; and (ii) Moody's Investors Service, Inc., and any successor thereto to the extent either agency then has a rating on the Bonds in effect at the request of the Department.

* Preliminary, subject to change.

“RDA” shall mean the Rural Development Agency of the United States Department of Agriculture or its successors.

“Rebate Fund” shall mean, collectively, the Rebate Funds established pursuant to the Series Supplements into which amounts to be paid to the United States of America will be deposited until disbursed.

“Redemption Price” shall mean, with respect to any Series 2025A Bond, the principal amount thereof plus the applicable premium, if any, payable upon redemption thereof pursuant to such Series 2025A Bond or the Trust Indenture.

“Regulations” shall mean the applicable proposed, temporary or final Treasury Regulations promulgated under the Code or, to the extent applicable to the Code, under the Internal Revenue Code of 1954, as such regulations may be amended or supplemented from time to time.

“RHS” shall mean the United States Department of Agriculture, Rural Housing Service, formerly known as Farmers Home Administration, and any successor thereto.

“Serial Bonds” shall mean the Series 2025A Bonds titled as such on the inside cover page of this Official Statement.

“Series” shall mean all Bonds designated as a Series in a Series Supplement and which are authenticated and delivered on original issuance in a simultaneous transaction, and all Bonds delivered in exchange for or in lieu of such Bonds.

“Series Supplement” shall mean the Supplemental Indenture providing for the issuance of a Series of Bonds, as the same may be amended from time to time.

“Series 2025A Bonds” shall mean the Department's Residential Mortgage Revenue Bonds, Series 2025A issued under the Master Indenture and the Forty-Fifth Supplemental Indenture.

“State” shall mean the State of Texas.

“Supplemental Indenture” shall mean any trust indenture supplemental to or amendatory of the Trust Indenture, executed and delivered by the Agency or the Department and the Trustee in accordance with the Master Indenture.

“Swap Agreement” shall mean an agreement with respect to a Series of Bonds providing for an interest rate exchange or other interest rate hedge for the purpose of converting in whole or in part the Department's fixed or variable interest rate liability on all or a portion of such Bonds to a fixed or variable rate liability, including converting a variable rate liability to a different variable rate liability.

“Tenth Series Supplement” shall mean the Tenth Supplemental Residential Mortgage Revenue Bond Trust Indenture dated as of November 1, 1988 between the Department and the Trustee.

“Term Bonds” shall mean, collectively, the Series 2025A Term Bonds and the Series 2025A Term Bonds titled as such on the inside cover page of this Official Statement.

“Termination Payment” shall mean an amount owed by the Department to a counterparty pursuant to a Swap Agreement incurred in connection with the termination of the Swap Agreement and which, on the date of execution of the Swap Agreement, is not an amount representing a regularly-scheduled payment under the Swap Agreement.

“Trust Indenture” shall mean the Master Indenture, as supplemented and amended from time to time.

“2025A Mortgage Certificates” shall mean the Ginnie Mae Certificates that evidence beneficial ownership of and a participation in a Mortgage Pool, that satisfy the requirements of the Forty-Fifth Supplemental Indenture which are purchased by the Trustee from amounts available in the 2025A Mortgage Loan Account and pledged by the Department to the Trustee pursuant to the Trust Indenture.

“2025A Mortgage Loan Account” shall mean the 2025A Mortgage Loan Account of the Mortgage Loan Fund.

“2025A Mortgage Loans” shall mean the Mortgage Loans included in each Mortgage Pool represented by a 2025A Mortgage Certificate.

“2025A Principal Account” shall mean the 2025A Principal Account of the Principal Fund.

“2025A Revenue Account” shall mean the 2025A Revenue Account of the Revenue Fund.

“2025A Special Redemption Account” shall mean the 2025A Special Redemption Account of the Special Redemption Fund.

“2025A Term Bonds” shall mean the Series 2025A Term Bonds titled as such on the inside cover page of this Official Statement.

“Treasury” shall mean the United States Department of the Treasury.

“Underwriters” shall mean the underwriters named on a schedule to the Bond Purchase Agreement.

“VA” shall mean the United States Department of Veterans Affairs or its successors.

APPENDIX B-1

GNMA AND THE GNMA CERTIFICATES

This summary of the GNMA Mortgage Backed Securities Program, the GNMA Certificates and the documents referred to herein does not purport to be comprehensive and is qualified in its entirety by reference to the GNMA Mortgage Backed Securities Guide published by GNMA and to said documents for full and complete statement of their provisions. The following summary is of the GNMA I Program and the GNMA II Program, as amended.

Government National Mortgage Association (“GNMA”) is a wholly-owned corporate instrumentality of the United States within the Department of Housing and Urban Development (“HUD”) with its principal office in Washington, D.C.

To issue GNMA Certificates, the Master Servicer must first apply to and receive from GNMA the Commitment to Guarantee Mortgage Backed Securities (the “MBS Agreement”). The MBS Agreement authorizes the Master Servicer to apply to GNMA for the issuance of Mortgage-Backed Securities to be eligible for guaranty by GNMA up to a stated date and issue GNMA Certificates up to a stated amount during a one-year period following the date of the MBS Agreement. Each MBS Agreement is valid for a 12-month period from the date of commitment.

Each GNMA Certificate is to be backed by a mortgage pool consisting of Mortgage Loans in a minimum aggregate amount of \$250,000 (or such lesser amount as may be approved by GNMA). Each GNMA I Certificate will be a “mortgage loan pass-through” certificate which will require the Master Servicer to pass through to the paying and transfer agent therefor (the “GNMA Paying Agent”) by the fifteenth day of each month (or the sixteenth day, if such day is not a business day, provided that, if neither the fifteenth nor the sixteenth day is a business day, the first business day prior to the fifteenth day of the month), the regular monthly payments on the Mortgage Loans (less the GNMA Guaranty Fee and the Master Servicer's servicing fee, more fully described herein), whether or not the Master Servicer receives such payments, plus any prepayments of principal of the Mortgage Loans received by the Master Servicer in the previous month. Each GNMA II Certificate will require the Master Servicer to pass through to the GNMA Paying Agent for the GNMA II Program, by the nineteenth day of each month (or the twentieth day, if such day is not a business day; provided that, if neither the nineteenth nor the twentieth day is a business day, then the first business day prior to the nineteenth day of the month), the regular monthly payments on the Mortgage Loans (less the GNMA Guaranty Fee and the Master Servicer's servicing fee, more fully described herein), whether or not the Master Servicer received such payments, plus any prepayments on the Mortgage Loan received by the Master Servicer in the previous month. The GNMA Paying Agent is then required to pass through to the Trustee on or before the third business day following the nineteenth day of each month the scheduled payments received from the Master Servicer. GNMA guarantees timely payment of principal of and interest with respect to the GNMA Certificate.

GNMA is authorized by Section 306(g) of Title III of the National Housing Act of 1934, as amended (the “Housing Act”), to guarantee the timely payment of the principal of, and interest on, securities that are based on and backed by a pool of mortgage loans insured by FHA under the Housing Act, or guaranteed by RDA under Title V of the Housing Act of 1949, or guaranteed by VA under the Servicemen's Readjustment Act of 1944, as amended, or Chapter 37 of Title 38, United States Code. Section 306(g) further provides that “the full faith and credit of the United States is pledged to the payment of all amounts which may be required to be paid under any guaranty under this subsection.” An opinion, dated October 12, 1969, of an Assistant Attorney General of the United States, states that such guarantees under Section 306(g) of mortgage backed certificates of the type being delivered to the Trustee

on behalf of the Department are authorized to be made by GNMA and “would constitute general obligations of the United States backed by its full faith and credit.”

GNMA, upon execution of the GNMA Guaranty appended to the GNMA Certificate and upon delivery of the GNMA Certificate to the Master Servicer, will have guaranteed to the Trustee as holder of the GNMA Certificate the timely payment of principal of and interest on the GNMA Certificate. In order to meet its obligations under such guaranty, GNMA, in its corporate capacity under Section 306(g) of Title III of the Housing Act, may issue its general obligations to the United States Treasury Department in an amount outstanding at any one time sufficient to enable GNMA, with no limitations as to amount, to perform its obligations under its guaranty of the timely payment of the principal of and interest on the GNMA Certificate. The Treasury is authorized to purchase any obligation so issued by GNMA and has indicated in a letter dated February 13, 1970, from the Secretary of the Treasury to the Secretary of HUD that the Treasury will make loans to GNMA, if needed, to implement the aforementioned guaranty.

GNMA is required to warrant to the Trustee as the holder of the GNMA Certificate, that, in the event it is called upon at any time to make payment on its guaranty of the principal of and interest on the GNMA Certificate, it will, if necessary, in accordance with Section 306(d) of Title III of the Housing Act, apply to the Treasury Department of the United States for a loan or loans in amounts sufficient to make payments of principal and interest.

The Master Servicer will be responsible for servicing and otherwise administering the Mortgage Loans in accordance with generally accepted practices of the mortgage banking industry and the GNMA Mortgage Backed Securities Guide (the “Guide”).

It is expected that interest and principal payments on the Mortgage Loans received by the Master Servicer will be the source of payments on the GNMA Certificates. If such payments are less than what is due the Master Servicer is obligated to advance its own funds to ensure timely payment of all amounts coming due on the GNMA Certificates. GNMA guarantees such timely payment in the event of the failure of the Master Servicer to pay an amount equal to the scheduled payments (whether or not made).

The Master Servicer is required to advise GNMA in advance of any impending default on scheduled payments so that GNMA as guarantor will be able to continue such payments as scheduled on the third business day following the twentieth day of each month. If, however, such payments are not received as scheduled, the Trustee has recourse directly to GNMA.

The GNMA Guaranty Agreement to be entered into by GNMA and the Master Servicer upon issuance of the GNMA Certificates (the “GNMA Guaranty Agreement”) will provide that, in the event of a default by the Master Servicer, GNMA will have the right, by letter to the Master Servicer, to effect and complete the extinguishment of the Master Servicer's interest in the Mortgage Loans, and the Mortgage Loans are to thereupon become the absolute property of GNMA, subject only to the unsatisfied rights of the holder of the GNMA Certificate. In such event, the GNMA Guaranty Agreement will provide that GNMA will be the successor in all respects to the Master Servicer in its capacity under the GNMA Guaranty Agreement and the transaction and arrangements set forth or arranged for therein. At any time, GNMA may enter into an agreement with an institution approved by GNMA under which such institution undertakes and agrees to assume any part or all of such duties, and no such agreement will detract from or diminish the responsibilities, duties or liabilities of GNMA in its capacity as guarantor.

Payment of principal and interest on the GNMA Certificate is required to be made in monthly installments on or before the third business day following the twentieth of each month commencing the month following the date of issue of the GNMA Certificate.

Each installment on the GNMA Certificate is required to be applied first to interest and then in reduction of the principal balance then outstanding on the GNMA Certificate. Interest is to be paid at the specified rate on the unpaid portion of the principal of the GNMA Certificate. The amount of principal due on the GNMA Certificate is to be in an amount at least equal to the scheduled principal amortization currently due on the Mortgage Loans subject to adjustment by reason of unscheduled recoveries of principal on the Mortgage Loans. In any event, the Master Servicer is required to pay to the Trustee, as holder of the GNMA Certificate, monthly installments of not less than the interest due on the GNMA Certificate at the rate specified in the GNMA Certificate, together with any scheduled installments of principal, whether or not such interest or principal is collected from the Mortgagor, and any prepayments or early recovery of principal. Final payment is to be made upon surrender of the outstanding GNMA Certificate.

The Office of Inspector General (OIG) is required to conduct an annual audit of GNMA under the provisions of the Chief Financial Officers (CFO) Act of 1990 (“CFO Act”). The complete OIG report is included in the separate management report of GNMA prepared pursuant to the CFO Act which is available upon request from GNMA at Government National Mortgage Association, 451 Seventh Street, SW, Washington, D.C. 20410-9000.

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APPENDIX B-2

FANNIE MAE AND THE FANNIE MAE CERTIFICATES

General

Fannie Mae is a federally chartered and stockholder owned corporation organized and existing under the Federal National Mortgage Association Charter Act, 12 U.S.C. 1716 et seq. Fannie Mae was originally established in 1938 as a United States government agency to provide supplemental liquidity to the mortgage market and became a stockholder owned and privately managed corporation by legislation enacted in 1968.

Fannie Mae purchases, sells, and otherwise deals in mortgages in the secondary market rather than as a primary lender. It does not make direct mortgage loans but acquires mortgage loans originated by others. In addition, Fannie Mae issues mortgage backed securities (“MBS”), primarily in exchange for pools of mortgage loans from lenders. Fannie Mae receives guaranty fees for its guarantee of timely payment of principal of and interest on MBS certificates.

The securities of Fannie Mae are not guaranteed by the United States and do not constitute a debt or obligation of the United States or any agency or instrumentality thereof other than Fannie Mae.

Information on Fannie Mae and its financial condition is contained in periodic reports that are filed with the Securities and Exchange Commission (the “SEC”). The SEC filings are available at the SEC's website at <http://www.sec.gov>. The periodic reports filed by Fannie Mae with the SEC are also available on Fannie Mae's website at <http://www.fanniemae.com/portal/about-fm/investor-relations/quarterly-annual-results.html> or from Fannie Mae at the Office of Investor Relations at 202-752-7115.

Fannie Mae is incorporating by reference in this Official Statement the documents listed below that Fannie Mae publishes from time to time. This means that Fannie Mae is disclosing information to you by referring you to those documents. Those documents are considered part of this Reoffering Circular, so you should read this Reoffering Circular, and any applicable supplements or amendments, together with those documents before making an investment decision.

You should rely only on the information provided or incorporated by reference in this Official Statement and any applicable supplement, and you should rely only on the most current information.

Fannie Mae makes no representation as to the contents of this Official Statement, the suitability of the Bonds for any investor, the feasibility of performance of any program, or compliance with any securities, tax or other laws or regulations.

Fannie Mae currently is required to file periodic financial disclosures with the U.S. Securities and Exchange Commission (the “SEC”), including Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, and Current Reports on Form 8-K, together with any required exhibits. These reports and other information can be read and copied at the SEC's public reference room at 450 Fifth Street, N.W., Washington, D.C. 20549. The SEC currently maintains a website (<http://www.sec.gov>) that contains reports, proxy statements and other information that Fannie Mae has filed with the SEC. The Senior Preferred Stock Purchase Agreement between the Treasury and Freddie Mac requires Freddie Mac to provide the Treasury with annual reports on Form 10-K, quarterly reports on Form 10-Q, and current reports on Form 8-K. The Department makes no representation regarding the content, accuracy or availability of any such reports or information filed by Fannie Mae or Freddie Mac with the SEC, or any information provided at such website. The SEC's website is not part of this Official Statement.

Mortgage-backed Securities Program

Fannie Mae is a federally chartered and stockholder-owned corporation organized and existing under the Federal National Mortgage Association Charter Act (12 U.S.C. Section 1716 et seq.). Fannie Mae was originally established in 1938 as a United States government agency to provide supplemental liquidity to the mortgage market, and was transferred into a stockholder-owned and privately managed corporation by legislation enacted in 1968. The Secretary of Housing and Urban Development exercises general regulatory power over Fannie Mae. Fannie Mae provides funds to the mortgage market by purchasing mortgage loans from lenders, thereby replenishing their funds for additional lending. Fannie Mae acquires funds to purchase mortgage loans from many capital market investors that may not ordinarily invest in mortgage loans, thereby expanding the total amount of funds available for housing. In addition, Fannie Mae issues mortgage-backed securities primarily in exchange for pools of mortgage loans from lenders.

Although the Secretary of the Treasury of the United States has certain discretionary authority to purchase obligations of Fannie Mae, neither the United States nor any agency or instrumentality thereof is obligated to finance Fannie Mae's obligations or assist Fannie Mae in any manner.

Fannie Mae has implemented a mortgage-backed securities program pursuant to which Fannie Mae issues securities (the "Fannie Mae Certificates") backed by pools of mortgage loans (the "MBS Program"). The obligations of Fannie Mae, including its obligations under the Fannie Mae Certificates, are obligations solely of Fannie Mae and are not backed by, or entitled to, the full faith and credit of the United States.

The terms of the MBS Program are governed by the Fannie Mae Selling and Servicing Guides (the "Fannie Mae Guides") published by Fannie Mae, as modified by the Pool Purchase Contract (as hereinafter described), and, in the case of mortgage loans such as the Mortgage Loans, a Trust Indenture dated as of November 1, 1981, as amended (the "Fannie Mae Trust Indenture"), and a supplement thereto to be issued by Fannie Mae in connection with each pool.

The summary of the MBS Program set forth herein does not purport to be comprehensive and is qualified in its entirety by reference to the Fannie Mae Guides, the Fannie Mae prospectus and the other documents referred to herein.

Pool Purchase Contract

It is expected that Fannie Mae and the Master Servicer will enter into a Pool Purchase Contract, pursuant to which the Master Servicer will be permitted to deliver, and Fannie Mae will agree to purchase mortgage loans in exchange for Fannie Mae Certificates. The purpose of the Pool Purchase Contract is to provide for certain additions, deletions and changes to the Fannie Mae Guides relating to the purchase of mortgage loans. In the event of a conflict between the Pool Purchase Contract and the Fannie Mae Guides, the Pool Purchase Contract will control. The description set forth below assumes that the Pool Purchase Contract will be executed substantially in the form presented by Fannie Mae to the Master Servicer as of the date hereof.

The Pool Purchase Contract obligates the Master Servicer to service the mortgage loans in accordance with the requirements of the Fannie Mae Guides and the Pool Purchase Contract.

Fannie Mae Certificates

Each Fannie Mae Certificate will represent the entire interest in a specified pool of Mortgage Loans purchased by Fannie Mae from the Master Servicer and identified in records maintained by Fannie Mae.

Fannie Mae will guarantee to the registered holder of the Fannie Mae Certificates that it will distribute amounts representing scheduled principal and interest at the applicable pass-through rate on the Mortgage Loans in the pools represented by such Fannie Mae Certificates, whether or not received, and the full balance of any foreclosed or other finally liquidated Mortgage Loan, whether or not such principal balance is actually received. The obligations of Fannie Mae under such guarantees are obligations solely of Fannie Mae and are not backed by, nor entitled to, the faith and credit of the United States. If Fannie Mae were unable to satisfy such obligations, distributions to the Trustee, as the registered holder of Fannie Mae Certificates, would consist solely of payments and other recoveries on the underlying Mortgage Loans and, accordingly, monthly distributions to the Trustee, as the holder of Fannie Mae Certificates, would be affected by delinquent payments and defaults on such Mortgage Loans.

Payments on Mortgage Loans; Distributions on Fannie Mae Certificates

Payments on a Fannie Mae Certificate will be made on the 25th day of each month (beginning with the month following the month such Fannie Mae Certificate is issued), or, if such 25th day is not a business day, on the first business day next succeeding such 25th day. With respect to each Fannie Mae Certificate, Fannie Mae will distribute to the Trustee an amount equal to the total of (i) the principal due on the Mortgage Loans in the related mortgage pool underlying such Fannie Mae Certificate during the period beginning on the second day of the month prior to the month of such distribution and ending on the first day of such month of distribution, (ii) the stated principal balance of any Mortgage Loan that was prepaid in full during the second month next preceding the month of such distribution (including as prepaid for this purpose at Fannie Mae's election any Mortgage Loan after it is delinquent, in whole or in part, with respect to four consecutive installments of principal and interest), (iii) the amount of any partial prepayment of a Mortgage Loan received in the second month next preceding the month of distribution, and (iv) one month's interest at the pass-through rate on the principal balance of the Fannie Mae Certificate as reported to the Trustee (assuming the Trustee is the registered holder) in connection with the previous distribution (or, respecting the first distribution, the principal balance of the Fannie Mae Certificate on its issue date).

For purposes of distributions, a Mortgage Loan will be considered to have been prepaid in full if, in Fannie Mae's reasonable judgment, the full amount finally recoverable on account of such Mortgage Loan has been received, whether or not such full amount is equal to the stated principal balance of the Mortgage Loan. Fannie Mae may, in its discretion, include with any distribution principal prepayments, both full and partial, received during the month prior to the month of distribution but is under no obligation to do so.

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APPENDIX C

FORM OF PROPOSED OPINION OF BOND COUNSEL

APPENDIX D-1

**ADDITIONAL INFORMATION CONCERNING
MORTGAGE CERTIFICATES**

Additional Information Concerning Mortgage Certificates

The Texas Department of Housing and Community Affairs (the “Department”) owns an extensive portfolio of GNMA/FNMA/ Freddie Mac Certificates (Mortgage Certificates) acquired with the proceeds of the Department’s Single Family Mortgage Revenue Bonds, Single Family Mortgage Revenue Bonds (Collateralized Home Mortgage Revenue Bonds), Residential Mortgage Revenue Bonds, GNMA Collateralized Home Mortgage Revenue Bonds and Collateralized Home Mortgage Revenue Bonds. The following tables summarize certain information regarding the Residential Mortgage Revenue Bond Trust Indenture as of July 31, 2024.

Residential Mortgage Revenue Bond (RMRB) Trust Indenture

Series	Original Issue Amount	Bonds Outstanding	Average Weighted Mortgage Rates for Outstanding Mortgage Certificates (%)	Mortgage Certificates Outstanding	Down Payment Assistance
Surplus	\$ -	\$ -	3.30	\$10,225,197	\$164,449,150
2019 A	166,350,000	95,420,000	4.41	94,387,851	
2021 A/B	161,369,927	124,869,043	3.33	124,375,212	
2022 A	190,000,000	181,055,000	3.42	180,220,973	
2022 B	150,000,000	145,240,000	5.53	144,204,488	
2023 A	230,000,000	227,000,000	5.51	225,950,034	
2023 B/C	250,000,000	247,730,000	5.72	247,184,285	
2024 A/B	250,000,000	250,000,000	5.70	154,675,387	
2024 C/D	250,000,000	250,000,000	N/A	-	
TOTAL	\$1,647,719,927	\$1,521,314,043		\$1,181,223,427	\$164,449,150

- Note 1: In addition to the RMRB Bonds Outstanding shown above, the Department has issued one subordinate Note payable with an outstanding balance of \$10,000,000.
- Note 2: RMRB 2024AB with \$250 million in proceeds closed on April 10, 2024. [All proceeds are expected to be expended by April 2025.]
- Note 3: RMRB 2024CD with \$250 million in proceeds closed on July 18, 2024. [All proceeds are expected to be expended by July 2025.]
- Note 4: Down Payment Assistance Loans not included for cashflow purposes.

RMRB Mortgage Certificate Loan Type

Loan Type	Number of Outstanding Mortgage Loans	Outstanding Principal Amount (\$)	Percent of Mortgage Certificates Outstanding
GNMA Certificates	5,817	1,176,991,570	99.64%
FNMA Certificates	31	4,231,857	0.36%
TOTAL	5,848	1,181,223,427	100.00%

RMRB Mortgage Certificates Servicers

Servicers	Number of Outstanding Mortgage Loans	Percent of Mortgage Certificates Outstanding
Idaho	5,307	90.75%
Bank of America	417	7.13%
US Bank	124	2.12%
TOTAL	5,848	100.00%

Other Information

Mortgage Loan Information Management System

All Mortgage Loans made with proceeds of the Department’s mortgage revenue bonds permit partial or complete prepayment without penalty. Mortgage Loans, in general, may also be terminated prior to their respective maturities as a result of events such as default, sale, condemnation or casualty loss. A number of factors, including general economic conditions, homeowner mobility and mortgage market interest rates, will affect the rate of actual prepayments for a particular portfolio of mortgage loans.

The Department does not service the Mortgage Loans backing Mortgage Certificates; however, the Department monitors the origination and payment of such Mortgage Loans.

DISCLAIMER

“All information contained herein is obtained from sources believed to be accurate and reliable. Refer to the Official Statement and operative documents of each series for complete information on that issue. Because of the possibility of human and mechanical error as well as other factors, such information is provided “as is” without warranty of any kind and, in particular, no representation or warranty, expressed or implied, is made nor to be inferred as to the accuracy, timeliness or completeness, of any such information. Under no circumstances shall the Texas Department of Housing and Community Affairs have any liability to any person or entity for (a) any loss or damage in whole or part caused by, resulting from, or relating to any error (negligent or otherwise) or other circumstances involved in procuring, collecting, compiling, interpreting, analyzing, editing, transcribing, transmitting, communicating or delivering any such information, or (b) any direct, indirect, special, consequential or incidental damages whatsoever, even if the Texas Department of Housing and Community Affairs is advised in advance of the possibility of such damages, resulting from the use of, or inability to use, any such information.”

APPENDIX D-2

BOND SUMMARY OF THE TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

General - Single Family Since 1979, the year of creation of the Texas Housing Agency (the Agency), a predecessor to the Department, through July 31, 2024, there have been issued by the Agency or the Department, seventy-one series of Single Family Mortgage Revenue Bonds, five series of Junior Lien Single Family Mortgage Revenue Refunding Bonds, forty-eight series of Residential Mortgage Revenue Bonds, eleven series of Collateralized Home Mortgage Revenue Bonds, ten series of GNMA/FNMA Collateralized Home Mortgage Revenue Bonds, and two series of Government National Mortgage Association Collateralized Home Mortgage Revenue Bonds. As of July 31, 2024, the aggregate outstanding principal amount of bonded indebtedness of the Department for single family housing purposes was \$2,991,931,913. In addition, the Department has issued four subordinate Notes. As of July 31, 2024, the aggregate outstanding principal balance of the subordinate Notes was \$10,000,000.

Single Family Mortgage Revenue Bonds (SFMRBs) The Department has issued seventy-one series of Single Family Mortgage Revenue and Refunding Bonds under a Single Family Mortgage Revenue Bond Trust Indenture, dated as of October 1, 1980, which was amended and restated on June 1, 2017. These bonds are secured on an equal and ratable basis by the trust estate established by the SFMRB Indenture. As of July 31, 2024, twenty-one series were outstanding with an aggregate outstanding principal amount of \$1,440,617,870. On September 16, 2020, all outstanding Loan Agreements were paid in full and are no longer outstanding.

Junior Lien Bonds The Department has issued five series of its Junior Lien Single Family Mortgage Revenue Refunding Bonds (the Junior Lien Bonds) pursuant to a Junior Lien Trust Indenture, dated as of May 1, 1994. The Junior Lien Bonds are secured on an equal and ratable basis with each other and on a subordinated basis to the Single Family Mortgage Revenue Bonds by the trust estate held under the SFMRB Indenture. As of July 31, 2024, one series was outstanding with an aggregate outstanding principal amount of \$30,000,000.

Residential Mortgage Revenue Bonds (RMRBs) The Department has issued forty-eight series of Residential Mortgage Revenue and Refunding Bonds pursuant to the Residential Mortgage Revenue Bond Trust Indenture. These bonds are secured on an equal and ratable basis by the trust estate established by the RMRB Indenture. As of July 31, 2024, twelve series were outstanding with an aggregate outstanding principal amount of \$1,521,314,043. In addition, the Department has issued one subordinate Note under the RMRB Indenture. As of July 31, 2024, the aggregate outstanding principal balance of the subordinate Note was \$10,000,000.

General - Multifamily The Department is a conduit issuer for the State of Texas with authority to issue tax-exempt and taxable Multifamily Mortgage Revenue Bonds statewide. The Department and the Agency have issued Multifamily Mortgage Revenue Bonds which have been issued pursuant to separate trust indentures and are secured by individual trust estates which are separate and distinct from each other. As of July 31, 2024, an aggregate principal amount of \$874,657,097 was outstanding. In addition, the Department has issued twenty-one Multifamily Notes. As of July 31, 2024, the aggregate outstanding principal balance of the Multifamily Notes was \$520,062,299.

APPENDIX E

**APPLICABLE MEDIAN FAMILY INCOMES AND
MAXIMUM ACQUISITION COST LIMITATIONS**

APPENDIX F
TABLE OF PROJECTED WEIGHTED AVERAGE LIFE DATA
AT VARIOUS PREPAYMENT SPEEDS

APPENDIX G

**UNEXPENDED PROCEEDS REDEMPTION PRICE FOR PREMIUM SERIAL BONDS, PREMIUM TERM BONDS,
PREMIUM PAC TERM BOND AND TAXABLE PAC TERM BOND**

APPENDIX H

**SUMMARY OF INFORMATION REGARDING THE PROGRAM AND MORTGAGE LOANS
AND OTHER MATTERS**

DTC AND BOOK-ENTRY

DTC will act as securities depository for the Series 2025A Bonds. The Series 2025A Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Series 2025A Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Series 2025A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2025A Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2025A Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' Records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2025A Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2025A Bonds, except in the event that use of the book-entry system for the Series 2025A Bonds is discontinued.

To facilitate subsequent transfers, all Series 2025A Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2025A Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2025A Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2025A Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial

Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2025A Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2025A Bonds, such as redemptions, tenders, defaults, and proposed amendments to the bond documents. For example, Beneficial Owners of Series 2025A Bonds may wish to ascertain that the nominee holding the Series 2025A Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2025A Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2025A Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Department as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Series 2025A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, principal and interest payments on the Series 2025A Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Department or the Trustee, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Trustee, or the Department, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, and principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Department or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2025A Bonds at any time by giving reasonable notice to the Department or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, bond certificates are required to be printed and delivered.

The Department may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, bond certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from DTC and is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation of, the Department, or the Trustee.

The Department, the Underwriters and the Trustee cannot and do not give any assurances that DTC, the Direct Participants or the Indirect Participants will distribute to the Beneficial Owners of the Series 2025A Bonds (i) payments of principal or interest and premium, if any, on the Series 2025A Bonds, (ii) certificates representing an ownership interest or other confirmation of beneficial ownership interest in Series 2025A Bonds, or (iii) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Series 2025A Bonds, or that they will do so on a timely basis, or that DTC, Direct Participants or Indirect Participants will serve and act in the manner described in this Official

Statement. The current “Rules” applicable to DTC are on file with the Securities Exchange Commission, and the current “Procedures” of DTC to be followed in dealing with Direct Participants are on file with DTC.

NEITHER THE DEPARTMENT, THE UNDERWRITERS NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO ANY DIRECT PARTICIPANT, INDIRECT PARTICIPANT OR ANY BENEFICIAL OWNER OR ANY OTHER PERSON WITH RESPECT TO: (1) THE SERIES 2025A BONDS; (2) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT; (3) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OR REDEMPTION PRICE OF OR INTEREST ON THE SERIES 2025A BONDS; (4) THE DELIVERY BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE TRUST INDENTURE TO BE GIVEN TO OWNERS OF SERIES 2025A BONDS; (5) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF SERIES 2025A BONDS; OR (6) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS A BONDHOLDER.

Discontinuation of Book-Entry-Only System

In the event that the book-entry-only system is discontinued by DTC or the Department, the following provisions will be applicable to the Series 2025A Bonds. Series 2025A Bonds may be exchanged for an equal aggregate principal amount of Series 2025A Bonds in other Authorized Denominations of the same Series and maturity upon surrender thereof at the applicable corporate trust office of the Trustee with a duly executed assignment in form satisfactory to the Trustee. The transfer of any Series 2025A Bond may be registered on the books maintained by the Trustee for such purpose only upon the surrender of such Series 2025A Bond to the Trustee with a duly executed assignment in form satisfactory to the Trustee. For every exchange or transfer of registration of Series 2025A Bonds, the Department or the Trustee may make a charge sufficient to reimburse it or them for any tax, fee, or other governmental charge required to be paid with respect to such exchange or registration of transfer, as well as the administrative expenses, if any, charged by the Trustee for the transfer or exchange. The Trustee will not be required to transfer or exchange any Series 2025A Bond for a period of 20 days next preceding an interest payment date on such Series 2025A Bonds or next preceding any selection of Series 2025A Bonds to be redeemed or thereafter until after mailing of any notice of redemption on any Series 2025A Bonds called for redemption, or transfer or exchange any Series 2025A Bonds called for redemption. The Department and the Trustee may treat the Person in whose name a Series 2025A Bond is registered as the absolute owner thereof for all purposes, whether such Series 2025A Bond is overdue or not, for the purpose of receiving payment of, or on account of the principal of, interest on, such Series 2025A Bond. If any Series 2025A Bond is not presented for payment when the principal or the Redemption Price therefor becomes due, and if moneys sufficient to pay such Series 2025A Bond (or the portion thereof called for redemption) or such interest, as is applicable, have been deposited under the Trust Indenture, all liability of the Department to the owner thereof for the payment of such Series 2025A Bonds (or portion thereof) or such interest, as applicable, will be discharged, and thereupon it shall be the duty of the Trustee to hold such money for the benefit of the owner of the applicable Series 2025A Bond, who will thereafter be restricted exclusively to such money, for any claim on his part under the Trust Indenture or on or with respect to, such principal, Redemption Price and/or interest. Money not claimed within three years will be turned over to the Comptroller of Public Accounts of the State of Texas (the “Comptroller”), in accordance with Title 6, Texas Property Code.

THE PRIOR BONDS

In addition to the Series 2025A Bonds to be issued, forty-four series of Prior Bonds have been issued pursuant to the Master Indenture. As of July 31, 2024, \$1,521,314,043 in aggregate principal amount of such Prior Bonds were Outstanding in the following principal amounts:

Series	Original Issue Amount	Bonds Outstanding
2019A	\$ 166,350,000	\$ 95,420,000
2021A/B	161,369,927	124,869,043
2022A	190,000,000	181,055,000
2022B	150,000,000	145,240,000
2023A	230,000,000	227,000,000
2023BC	250,000,000	247,730,000
2024AB	250,000,000	250,000,000
2024CD	250,000,000	250,000,000
TOTAL	\$1,647,719,927	\$1,521,314,043

Note: RMRB Series 2024AB in the amount of \$250 million in proceeds closed on April 10, 2024. All proceeds are fully reserved and expected to be fully expended by April 2025. RMRB Series 2024CD in the amount of \$250 million in proceeds closed on July 18, 2024. [All proceeds were fully reserved in December 2024, and are expected to be fully expended by July 2025.]

For a more detailed description of the Prior Bonds, please refer to “APPENDIX D-1 – ADDITIONAL INFORMATION CONCERNING MORTGAGE CERTIFICATES.”

Mortgage Loans and Mortgage Certificates

Mortgage Loans and Mortgage Certificates held under the Residential Mortgage Revenue Bond Program as of July 31, 2024 were as follows:

Prior Mortgage Certificates	Outstanding Principal Amount
Ginnie Mae	\$1,176,991,570
Fannie Mae	4,231,857
TOTAL	\$1,181,223,427

For a detailed examination of the Mortgage Loans and Mortgage Certificates acquired with proceeds of the Prior Bonds, please refer to “APPENDIX D-1 – ADDITIONAL INFORMATION CONCERNING MORTGAGE CERTIFICATES.” Unless otherwise specified, all information is as of July 31, 2024.

TEXAS TREASURY SAFEKEEPING TRUST COMPANY

The Department has entered into a Depository Agreement relating to the Bonds (as amended and supplemented, the “Depository Agreement”), by and among the Department, the Trustee, and the Texas Treasury Safekeeping Trust Company, a special-purpose trust company organized under the laws of the State of Texas (the “Trust Company”). Pursuant to the Depository Agreement, the Trust Company will hold all moneys and securities required to be credited to all Funds (other than the Special Mortgage Loan Fund). All money and securities required by the Trust Indenture to be credited to such Funds and Accounts are required to be remitted to the Trust Company from time to time by the Department and the Trustee. The Trust Company is required to remit amounts from the appropriate accounts held by it to the Trustee at such times as are necessary to pay the principal or Redemption Price of and interest on the Bonds when

due. Moneys held in the accounts held by the Trust Company are required to be invested by the Trust Company pursuant to instruction from the Department as described herein under “THE TRUST INDENTURE – Investments.” The Trust Company is required to hold all moneys and securities delivered to it under the Depository Agreement in trust for the benefit of the Department, the Trustee and the owners of the Bonds.

The Department has agreed to pay the Trust Company a fee for performing its duties under the Depository Agreement. The Department has the right to remove the Trust Company as Depository under the Depository Agreement at any time by filing a written notice with the Trustee and the Trust Company to that effect. The Trust Company may resign as Depository under the Depository Agreement by giving at least 60 days' written notice to the Department and the Trustee of its determination to resign. Upon any such removal or resignation, the Trust Company is required to deliver all moneys and securities held by it under the Depository Agreement to its successor thereunder, or, if there is no successor, to the Trustee.

LEGALITY FOR INVESTMENT

The Act provides that all obligations issued by the Department are legal and authorized investments for banks, savings banks, trust companies, savings and loan associations, insurance companies, fiduciaries, trustees, guardians, and the sinking and other public funds of the State, municipalities, counties, school districts, and other political subdivisions and public agencies of the State.

The Act also provides that all obligations issued by the Department are eligible and lawful security for all deposits of public funds of the State and all public agencies to the extent of the par or market value thereof, whichever is greater.

To the extent that the Series 2025A Bonds constitute “collateralized mortgage obligations that have a stated final maturity of greater than 10 years” within the meaning of the Texas Public Funds Investment Act, the Series 2025A Bonds are not an “authorized investment” for a state agency, a local government, or other investing entity subject to the provisions of the Public Funds Investment Act.

No representation is made that the Series 2025A Bonds will be acceptable to public entities to secure their deposits or acceptable to such institutions for investment purposes. The Department has made no investigation of other laws, rules, regulations or investment criteria which might apply to any such persons or entities or which might otherwise limit the suitability of the Series 2025A Bonds for any of the foregoing purposes or limit the authority of such persons or entities to purchase or invest in the Series 2025A Bonds for such purposes.

THE PROGRAM AND THE MORTGAGE LOANS

The Program

The Department has established a single family mortgage purchase program (“Program”) pursuant to the Act for the purpose of assisting in financing the costs of acquisition of residences within the State of Texas by Eligible Borrowers (as described below). The component of the Program relating to the Series 2025A Bonds has been designated as the Department's Bond Program No. 110 (“Program 110”). In connection with the issuance of the Series 2025A Bonds and the Prior Bonds and any additional Bonds, the Department purchased or shall purchase certain qualified Mortgage Loans (or participations therein) or Mortgage Certificates backed by Mortgage Loans originated by commercial banks, savings and loan associations, mortgage companies, non-profit corporations, and other qualified financial institutions (the “Mortgage Lenders”). As a result of the issuance of the Series 2025A Bonds, the Trustee, on behalf of the Department, has agreed to purchase 2025A Mortgage Certificates.

Mortgage Loans evidenced by the 2025A Mortgage Certificates will bear interest at rates established from time to time by the Department pursuant to the provisions of the Trust Indenture. 2025A Mortgage Certificates are expected to be comprised of GNMA Certificates. The purchase price for such GNMA Certificates will be 100% of par (plus accrued interest).

The guidelines adopted by the Department from time to time in connection with the Program establish the eligibility of lenders to participate in the Program, time limitations with respect to commitments for and originations of Mortgage Loans, the types of Mortgage Loans eligible for purchase by the Master Servicer, the eligibility of mortgagors, the requirements for dwellings which secure Mortgage Loans, the fees which a Mortgage Lender may charge to originate a Mortgage Loan, the fees which a lending institution may charge for servicing a Mortgage Loan, as well as other aspects of the Program. In connection with each phase of the Program, the Department executed or will execute origination, sale and servicing agreements or mortgage origination agreements and program supplements (collectively, the "Agreement") with the respective Mortgage Lenders. The Agreement obligated or will obligate the Mortgage Lenders to use their best efforts to originate and sell to the Department Mortgage Loans in conformity with the guidelines. Each Mortgage Loan was or will be reviewed prior to acquisition by the Compliance Agent designated by the Department for compliance with applicable provisions of the Program as set forth in the guidelines and with applicable provisions of federal income tax laws. The procedures set forth in the Agreement are established by the Department after consideration of standards and requirements customary in the secondary mortgage market. The Department anticipates that it may revise its procedures from time to time to conform with changes in the procedures followed by Fannie Mae, RHS, Ginnie Mae, VA or other major secondary mortgage market institutions.

Mortgage Lender Reservations – First-Come, First-Served

No funds made available through Program 110 will be allocated to any specific Mortgage Lenders. All funds will be made available to Mortgage Lenders on a controlled first-come, first-served basis.

Low Income Reservation

For the first one-year period of Program 110, the Department is requiring that 30% of the funds made available through the issuance of the Series 2025A Bonds be reserved for Mortgage Loans for individuals and families of low income (not exceeding 80% of applicable median family income ("AMFI")).

Since September 1, 2022, approximately 77% of Mortgage Loans originated by the Department that were eligible for inclusion in a tax-exempt bond issue and securitized into GNMA Certificates were made to borrowers at or below 80% of AMFI.

Low and Moderate Income Reservation

The remaining lendable funds will be made available for Mortgage Loans to Eligible Borrowers of low and moderate incomes whose family income does not exceed, for families of three persons or more, one hundred fifteen percent (115%) (one hundred forty percent (140%) in targeted areas) of AMFI, and, for individuals and families of two persons, one hundred percent (100%) (one hundred twenty percent (120%) in targeted areas) of AMFI.

Eligible Borrowers

Each Mortgage Loan is required to be made to a person whose family income does not exceed certain income limits. In addition, to be eligible for a Mortgage Loan an applicant must be a person: (i) who intends to occupy the residence to be financed with such Mortgage Loan as his or her principal

residence within a reasonable period after financing is provided; (ii) who, except in the case of certain targeted area loans, certain qualified veterans, certain exception loans hereinafter described, and certain homes falling into the Contract for Deed Exception, has not had a present ownership interest in a principal residence at any time during the three-year period preceding the date of execution of the Mortgage; and (iii) who has not had an existing mortgage on the residence (other than a mortgage falling into the Contract for Deed Exception) to be financed with such Mortgage Loan at any time prior to the execution of the Mortgage, other than certain permitted temporary financing mortgages. The Department, subject to the requirements of applicable provisions of federal income tax law and applicable regulations, may approve a limited number of exception loans that do not satisfy the requirement described in clause (ii) in the immediately preceding sentence. The maximum income for Eligible Borrowers varies according to family size and location.

Eligible Property

Each residence financed with a Mortgage Loan must consist of real property and improvements permanently affixed thereon which is located within the State of Texas. Each residence must be a single-family, owner-occupied attached or detached structure, a single-family condominium unit or a single unit in a planned unit development or a qualifying duplex, triplex, or four-plex. Each residence financed with a Mortgage Loan must have an acquisition cost (the “Maximum Acquisition Cost”) not exceeding certain acquisition cost limits established by the Department from time to time. The Maximum Acquisition Cost varies according to location.

Mortgage Loans

The Department may, at its election, sell, assign, transfer or otherwise dispose of any Mortgage Loan or Mortgage Certificate in accordance with the terms and provisions of the Trust Indenture, as more particularly described in “SECURITY FOR THE BONDS – Sale of Mortgage Certificates and Mortgage Loans.” The Department shall not consent or agree to or permit any amendment or modification of any Mortgage Loan which will in any manner materially impair or materially adversely affect the rights or security of the Bondholders under the Trust Indenture in such Mortgage Loan except for amendments and modifications made in connection with settling any default on any Mortgage Loan which are consistent with the Cashflow Statement most recently filed with the Trustee, or in connection with a refinancing of a Mortgage Loan. See “SECURITY FOR THE BONDS – Cashflow Statement and Asset Test.”

Compliance with Tax Law and Program Guidelines

Each Mortgage Lender was required or will be required to follow certain procedures in the origination of Mortgage Loans to insure compliance with the mortgage eligibility requirements of applicable federal income tax laws and other requirements applicable to the Mortgage Loans. These procedures will include, but may not be limited to, the following: (i) obtaining affidavits of the borrower and seller and certificates of the real estate agent, if any, providing and certifying certain information regarding borrower income, home acquisition cost, and other loan information; (ii) reviewing the contents of the affidavits and certificates with the persons executing them prior to the execution thereof; (iii) except in the case of certain targeted area loans or certain other exception loans, obtaining signed or certified copies of the borrower's federal income tax returns for the preceding three years to verify that the borrower did not claim deductions for taxes or interest on indebtedness with respect to real property constituting his or her principal residence or a borrower's affidavit that he or she was not required to file such a return during one or more of the preceding three years; (iv) performing such additional investigations as may be appropriate under the circumstances to verify that the requirements of applicable federal income tax laws are satisfied as of the date of the execution of the Mortgage; (v) reviewing the draft settlement statement to assure that all fees and charges and settlement and financing costs comply with the applicable requirements; (vi) preparing, executing, and delivering a certificate relating to compliance with the requirements set forth

immediately above; and (vii) carrying out such additional verification procedures as may be reasonably requested by the Department, its designated compliance agent, or the Trustee. If any Mortgage Loan fails to meet the guidelines established by the Department, the originating Mortgage Lender will be required to correct such failure within a reasonable time after such failure is discovered by either repurchasing the non-qualifying Mortgage Loan in full or by replacing the non-qualifying Mortgage Loan with a Mortgage Loan which meets the applicable requirements.

Servicing

The Master Servicer may deduct its servicing fees directly from amounts received on such Mortgage Loans. As compensation for its duties as servicer of Mortgage Loans, the Master Servicer will be entitled to receive a monthly servicing fee.

Servicing of the Mortgage Loans is required to be carried out in accordance with generally accepted practices in the mortgage lending industry and in accordance with the servicing standards set forth in the GNMA Guide or the Fannie Mae Guides, as applicable. In particular, the Master Servicer will be required to pursue collection on the applicable Mortgage Loans with prudence and diligence, manage foreclosure or assignment procedures, and file, process and receive the proceeds from FHA mortgage insurance, VA or RHS guaranty claims, or private mortgage insurance.

The Master Servicer, as servicer of the Mortgage Loans, must, if applicable, provide to the Department and such other person specified in a Supplemental Indenture, audited financial statements on an annual basis and monthly reports relating to Mortgage Loan originations and purchases. The Master Servicer may not resign from its servicing duties unless it is determined that its duties are no longer permissible under applicable laws and then only upon the assumption of the servicing duties by a successor servicer acceptable to FHA, VA, Ginnie Mae, Fannie Mae and the Department. In the event the Master Servicer is in material breach of its servicing obligations imposed by Ginnie Mae, Fannie Mae or the Department or a material adverse change has occurred in the financial condition of the Master Servicer, the Department, with the approval, if applicable, of Ginnie Mae and Fannie Mae, may terminate the Master Servicer's servicing rights and transfer and assign those rights to another Fannie Mae and Ginnie Mae approved servicer.

The Master Servicers

Idaho Housing Finance Authority (“Idaho HFA”) will serve as the servicer for initially for Mortgage Loans related to the Series 2025 Bonds. The Department intends to then engage The Money Source Inc. (“TMS”) will serve as Master Servicer of Mortgage Loans related to the Series 2025A Bonds.

Under the terms of the Idaho HFA servicing agreement relating to the Series 2025A Bonds, the Department may terminate the servicing agreement without cause upon 120 days advance written notice to the Idaho HFA. The Department may terminate the servicing agreement (subject to any applicable cure period) upon the occurrence of certain events. The servicing agreement has an approximately one-year initial term with up to three one-year extensions as mutually agreed. If the Department terminates the Servicing agreement for cause, then all power of the Idaho HFA under the Servicing agreement shall be vested in the substitute Master Servicer.

If the Department terminates the servicing agreement for cause pursuant to its terms, the Idaho HFA shall, consistent with GNMA and Fannie Mae standards, make a full accounting and transfer and deliver to the Department, or its designee, all documents and moneys relating to the eligible mortgage loans which are

then in the Idaho HFA's possession or under its custody or control, and thereupon all rights and duties of the Idaho HFA and its rights to further compensation shall cease.

Per the Idaho HFA servicing agreement, the Department may be required to reimburse Idaho HFA for principal and interest payments advanced, related to delinquent Mortgage Loans, in accordance with GNMA guidelines. The Department is experiencing above average delinquencies, primarily related to COVID-19, the Department is experiencing above average delinquencies, and as such, reimbursed the Master Servicer for advances made in November 2022, December 2022, November 2023 and January 2024. Current advances total over \$15 million. The amount, timing, or need for future advances cannot be determined in advance. These reimbursements are made from surplus revenues from the Department's Single Family Mortgage Revenue Bond Trust Indenture and the Master Indenture. The Department anticipates the return of the advanced reimbursements as delinquencies normalize.

Under the terms of the TMS servicing agreement relating to the Series 2025A Bonds, the Department may terminate the servicing agreement for cause upon 120 days advance written notice to TMS. "Cause" constitutes, in general, 1. Failure to observe or perform any covenant, condition or agreement in the Servicing agreement for a period of 30 days after written notice of such failure; 2. A decree or court order appointment of a liquidator or conservator related to TMS's insolvency, readjustment of debt, etc. 3. Appointment of a conservator or liquidator related to proceedings of the Office of the Comptroller of the Currency; 4. TMS shall consent to the appointment of a conservator; 4. TMS files a petition related to insolvency or reorganization; 5. The Department shall discover or be notified any representation of or warranty by TMS set forth in the servicing agreement or Program Documents is false in any material respect; 6. The Department may terminate the servicing agreement without cause with proper notification; and 7. The guidelines, procedures and policies of a GSE or Ginne Mae may be amended or modified in the future such that it becomes impractical or impossible for TMS to perform its duties, in which event TMS shall not be held in default of the servicing agreement for such failure to perform.

The TMS servicing agreement has an approximately two-year initial term with up to one three-year extension as mutually agreed.

Idaho HFA is the Master Servicer for various Mortgage Loans financed pursuant to the Trust Indenture. As of July 31, 2024, Idaho HFA services approximately 5,307 Mortgage Loans financed with the proceeds of certain Prior Bonds, which Mortgage Loans had an outstanding principal balance of \$1,138,388,448.

Bank of America, N.A. ("Bank of America") is the Master Servicer for various Mortgage Loans financed pursuant to the Trust Indenture. As of July 31, 2024, Bank of America participates as Master Servicer for the Department for approximately 417 Mortgage Loans financed with the proceeds of certain Prior Bonds, which Mortgage Loans had an outstanding principal balance of \$33,024,438.

US Bank National Association ("US Bank") is the Master Servicer for various Mortgage Loans financed pursuant to the Trust Indenture. As of July 31, 2024, US Bank participates as Master Servicer for the Department for approximately 124 Mortgage Loans financed with the proceeds of certain Prior Bonds, which Mortgage Loans had an outstanding principal balance of \$9,810,541.

Investment of Funds

Moneys in all Funds established pursuant to the Trust Indenture will be invested in Investment Securities pursuant to the Depository Agreement with the Texas Treasury Safekeeping Trust Company. See "APPENDIX H – SUMMARY OF INFORMATION REGARDING THE PROGRAM AND MORTGAGE LOANS AND OTHER MATTERS – Texas Treasury Safekeeping Trust Company." Moneys held or

invested in all Funds and accounts (except for the Rebate Fund) under the Trust Indenture are for the equal and ratable benefit of all owners of the Bonds.

The following table summarizes certain information as of July 31, 2024, regarding yields (calculated on the basis of stated maturity) on existing investments (valued at par) within particular Trust Indenture funds relating to Prior Bonds:

Fund or Account	Approximate Amount Invested (Par Value)	Rate	Date	Provider
RMRB 1998A/B	\$ 18,696,562	5.31%	Short Term	Natwest
RMRB 1999B/C/D	2,512,949	5.31%	Short Term	Natwest
RMRB 2009C3	84,478	5.31%	Short Term	Natwest
RMRB 2019A	2,992,627	5.31%	Short Term	Natwest
RMRB 2021A/B	6,157,249	5.31%	Short Term	Natwest
RMRB 2022A	3,031,872	5.31%	Short Term	Natwest
RMRB 2022B	2,520,835	5.31%	Short Term	Natwest
RMRB 2023A	2,836,940	5.31%	Short Term	Natwest
RMRB 2023BC	1,763,970	5.31%	Short Term	Natwest
RMRB 2024AB	101,133,776	5.31%	Short Term	Natwest
RMRB 2024CD	260,621,020	5.31%	Short Term	Natwest
	\$402,352,278			

Proceeds of the Series 2025A Bonds deposited into the 2025A Mortgage Loan Account will be invested in Investment Securities.

The ability of the Department to make timely payments of principal of and interest on the Series 2025A Bonds and the Prior Bonds could be affected if the parties to the various investment agreements for the Series 2025A Bonds or the Prior Bonds do not honor their obligations thereunder to repay such moneys and the interest thereon at the times and rates set forth in the respective investment agreements.

The Department has adopted an investment policy (the “Investment Policy”) which applies to all financial assets of the Department. The Investment Policy’s objectives, in the order of priority, are as follows: (1) safety of principal, (2) sufficient liquidity to meet Department cashflow needs, (3) achievement of a market rate of return on investments, and (4) conformance with all applicable State statutes, particularly the Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended. With respect to bond proceeds, the Investment Policy provides that such proceeds should be invested as permitted by the applicable trust indenture.

OTHER DEPARTMENT PROGRAMS

The Department administers a variety of programs, in addition to its single family mortgage revenue bond program, that also fulfill its goals of providing safe and affordable housing throughout the State. Some of these programs may overlap or compete with the Program.

Taxable Mortgage Program

In addition to the Program, the Department offers mortgage loan financing options through its Taxable Mortgage Program (the “TBA Program”). Currently, all mortgage loans originated through the TBA Program are accompanied by a DPA Loan through which the mortgagor receives funds for down payment and closing cost assistance in the form of a 0%, non-amortizing, three year forgivable or 30-year second loan that is due on sale or refinance. Mortgage loans originated through the TBA Program are

pooled into mortgage-backed securities that are sold to third-party investors. *Neither the mortgage loans nor the mortgage-backed securities originated through the TBA Program are pledged to the Indenture.* Below is a description of current loan options available through the TBA Program.

Bond Eligible Loans. Provided through the Department's My First Texas Home program, these loans typically offer the lowest mortgage rates available through the TBA Program. Borrowers must be Eligible Borrowers (including meeting the first-time homebuyer requirement). Income qualification is performed in accordance with IRS requirements for tax exempt mortgage revenue bonds, and loan documents include standard tax exempt loan documentation (such as tax exempt riders and recapture disclosure). Typically, mortgage loans may be originated as Bond Eligible Loans when the Department has no bond proceeds available. When bond proceeds are available, mortgage loans are typically reserved and originated through the Single Family Mortgage Revenue Bond Program.

Combo Loans. Offered through the Department's My First Texas Home program, these loans include a Mortgage Credit Certificate (MCC) issued by the Department to the borrower. Borrowers must be Eligible Borrowers and must meet the first-time homebuyer requirement; income qualification is performed in accordance with IRS requirements for tax exempt mortgage revenue bonds. Combo Loans are not eligible for inclusion in a tax-exempt bond program.

Taxable Loans. Offered through the Department's My Choice Texas Home program, these loans provide the most qualification flexibility. Borrowers must meet the requirements for an Eligible Borrower except that there is no first-time homebuyer requirement and income qualification is performed using standard 1003 credit qualifying income. Taxable Loans are not eligible for inclusion in a tax-exempt bond program.

Single Family Mortgage Revenue Bond Program

The Department administers a single family mortgage revenue bond program that finances mortgage loans to certain qualified first-time homebuyers, which is similar to the Program. For information regarding this program see “APPENDIX D-2 – BOND SUMMARY OF THE TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS.”

APPENDIX I

USE OF PROCEEDS REPORT*

RMRB Series 2025A Bond Proceeds Summary		
Total Proceeds Deposited In Mortgage Loan Account	Proceeds Spent to Acquire 2025A Mortgage Loans	Proceeds Remaining
\$ _____	\$ _____	\$ _____

% of AMI:	RMRB Series 2025A First Mortgage Loans Originated By Borrower Income as a % of Area Median Income (“AMI”)†			
	\$ of Loans	# of Loans	% of Proceeds	% in Targeted Area
<50%				
50% - 59%				
60% - 69%				
70% - 79%				
80% - 89%				
90% - 99%				
100%+				

Down Payment Assistance (“DPA”) Provided In Conjunction with 2025A First Mortgage Loans	
	\$ / # / %
Total DPA Provided (\$)	
Total DPA Provided (#)	
% of Borrowers Receiving DPA (%)	
Average DPA Provided per Borrower (\$)	
Average DPA Provided (% of Purchase Price)	

* As of the date hereof, the Department has not yet pooled any Mortgage Loans which are expected to be a portion of the RMRB Series 2025A Mortgage Loans.

† Reported income is based on borrower income at time of loan origination.

USE OF PROCEEDS REPORT

RMRB SERIES 2025A GEOGRAPHIC DATA

Texas County	\$ of Loans	% of Total Loans
Anderson		
Andrews		
Angelina		
Aransas		
Archer		
Armstrong		
Atascosa		
Austin		
Bailey		
Bandera		
Bastrop		
Baylor		
Bee		
Bell		
Bexar		
Blanco		
Borden		
Bosque		
Bowie		
Brazoria		
Brazos		
Brewster		
Briscoe		
Brooks		
Brown		
Burleson		
Burnet		
Caldwell		
Calhoun		
Callahan		
Cameron		
Camp		
Carson		
Cass		
Castro		
Chambers		
Cherokee		
Childress		
Clay		
Cochran		
Coke		

USE OF PROCEEDS REPORT

RMRB SERIES 2025A GEOGRAPHIC DATA

Texas County	\$ of Loans	% of Total Loans
Coleman		
Collin		
Collingsworth		
Colorado		
Comal		
Comanche		
Concho		
Cooke		
Coryell		
Cottle		
Crane		
Crockett		
Crosby		
Culberson		
Dallam		
Dallas		
Dawson		
Deaf Smith		
Delta		
Denton		
DeWitt		
Dickens		
Dimmit		
Donley		
Duval		
Eastland		
Ector		
Edwards		
Ellis		
El Paso		
Erath		
Falls		
Fannin		
Fayette		
Fisher		
Floyd		
Foard		
Fort Bend		
Franklin		
Freestone		
Frio		

USE OF PROCEEDS REPORT

RMRB SERIES 2025A GEOGRAPHIC DATA

Texas County	\$ of Loans	% of Total Loans
Gaines		
Galveston		
Garza		
Gillespie		
Glasscock		
Goliad		
Gonzales		
Gray		
Grayson		
Gregg		
Grimes		
Guadalupe		
Hale		
Hall		
Hamilton		
Hansford		
Hardeman		
Hardin		
Harris		
Harrison		
Hartley		
Haskell		
Hays		
Hemphill		
Henderson		
Hidalgo		
Hill		
Hockley		
Hood		
Hopkins		
Houston		
Howard		
Hudspeth		
Hunt		
Hutchinson		
Irion		
Jack		
Jackson		
Jasper		
Jeff Davis		
Jefferson		

USE OF PROCEEDS REPORT

RMRB SERIES 2025A GEOGRAPHIC DATA

Texas County	\$ of Loans	% of Total Loans
Jim Hogg		
Jim Wells		
Johnson		
Jones		
Karnes		
Kaufman		
Kendall		
Kenedy		
Kent		
Kerr		
Kimble		
King		
Kinney		
Kleberg		
Knox		
Lamar		
Lamb		
Lampasas		
La Salle		
Lavaca		
Lee		
Leon		
Liberty		
Limestone		
Lipscomb		
Live Oak		
Llano		
Loving		
Lubbock		
Lynn		
McCulloch		
McLennan		
McMullen		
Madison		
Marion		
Martin		
Mason		
Matagorda		
Maverick		
Medina		
Menard		

USE OF PROCEEDS REPORT

RMRB SERIES 2025A GEOGRAPHIC DATA

Texas County	\$ of Loans	% of Total Loans
Midland		
Milam		
Mills		
Mitchell		
Montague		
Montgomery		
Moore		
Morris		
Motley		
Nacogdoches		
Navarro		
Newton		
Nolan		
Nueces		
Ochiltree		
Oldham		
Orange		
Palo Pinto		
Panola		
Parker		
Parmer		
Pecos		
Polk		
Potter		
Presidio		
Rains		
Randall		
Reagan		
Real		
Red River		
Reeves		
Refugio		
Roberts		
Robertson		
Rockwall		
Runnels		
Rusk		
Sabine		
San Augustine		
San Jacinto		
San Patricio		

USE OF PROCEEDS REPORT

RMRB SERIES 2025A GEOGRAPHIC DATA

Texas County	\$ of Loans	% of Total Loans
San Saba		
Schleicher		
Scurry		
Shackelford		
Shelby		
Sherman		
Smith		
Somervell		
Starr		
Stephens		
Sterling		
Stonewall		
Sutton		
Swisher		
Tarrant		
Taylor		
Terrell		
Terry		
Throckmorton		
Titus		
Tom Green		
Travis		
Trinity		
Tyler		
Upshur		
Upton		
Uvalde		
Val Verde		
Van Zandt		
Victoria		
Walker		
Waller		
Ward		
Washington		
Webb		
Wharton		
Wheeler		
Wichita		
Wilbarger		
Willacy		
Williamson		

USE OF PROCEEDS REPORT

RMRB SERIES 2025A GEOGRAPHIC DATA

Texas County	\$ of Loans	% of Total Loans
Wilson		
Winkler		
Wise		
Wood		
Yoakum		
Young		
Zapata		
Zavala		
TOTALS		



Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 907

Agenda Date: 1/16/2025

Agenda #: 16.

Report relating to the 2024 Non-competitive 4% Housing Tax Credit Program and a preliminary 2025 Program forecast.

BACKGROUND

The 4% Housing Tax Credit (HTC) applications are reviewed by program, underwriting, and compliance staff within an approximately 90-day period, and Determination Notices are issued once all reviews are complete and the underwriting report is posted to the Department's website. Applications are submitted at the beginning of each month and are then slated for a Determination Notice to be issued approximately 90 days later, which generally coincides with the Board meeting calendar, in order to provide internal and external expectations regarding the Determination Notice issuance date.

2024 Application Log Summary

The 2024 Private Activity Bond (PAB) program annual ceiling amount was \$3.8 billion, and as of December 19, 2024, eligible requests totaled approximately \$8.2 billion with much of the requests coming from multifamily issuers. The 2024 4% HTC Application Log is included as Exhibit A and reflects those applications that have been submitted to TDHCA from December 2023 through December 2024 in conjunction with the issuance of bond reservations from the Bond Review Board.

Currently, there are 21 applications under review for a total of 4,435 units, and approximately \$59 million in requested 4% Housing Tax Credits. Additionally, reflected on the log are nine applications that have been approved, and have had Determination Notices issued, but have yet to close. Those approved applications represent total issuances of more than \$22 million in 4% Housing Tax Credits, and 2,096 total units. Moreover, the log reflects 38 applications that have closed on their respective bond allocations. Those projects that have closed represent 9,205 units and over \$105 million in 4% Housing Tax Credits. Altogether, when considering what has closed, been approved, and is currently active, the total number of units is 15,736.

Also reflected on the log are 12 pre-applications that were submitted to TDHCA and added to the Department's waiting list for a bond reservation during the 2024 program year.

Finally, the log reflects those applications that were submitted to TDHCA, but subsequently withdrawn. This represents a total of 4,857 units. The reasoning behind these withdrawals were varied, but most commonly involved feasibility and timing concerns.

2025 Application Forecast

The 2025 PAB program has an annual ceiling amount of approximately \$4 billion, and as of December 30, 2024, eligible requests total approximately \$5.1 billion, with much of the requests coming from multifamily issuers. Based on information published by the Texas Bond Review Board, TDHCA staff expects to receive approximately 40 4% HTC applications throughout the month of January, in conjunction with the issuance of 2025 program year bond reservations.



EXHIBIT A

4% (Non-Competitive) Housing Tax Credit Program
2024 Application Status Log

TDHCA #	Previous TDHCA #	Development Name	Development City	Construction Type	Determination Notice Issuance Date	Application Status	Total Units	Total Low-Income Units	PPR Category and Conditions	Requested HTC Amount	Recommend HTC Amount
24408		Belle Oaks	Belton	Acq/Rehab	6/24/2024	Closed	200	200	Category 1	\$1,397,171	\$ 1,397,171
24406	96001	Meadowbrook Plaza	Houston	Acq/Rehab	6/11/224	Closed	220	220	Previously Approved	\$1,516,255	\$ 1,516,255
24407	00007T	Village at Baytown	Baytown	Acq/Rehab	6/20/2024	Closed	210	210	Category 1	\$2,139,053	\$ 2,120,665
24409		The Meridian	Fort Worth	Acq/Rehab	7/16/2024	Closed	280	280	Previously Approved	\$2,553,206	\$ 2,553,206
24443		Wooded Lake	Mesquite	NC	6/24/2024	Closed	288	288	Category 1	\$3,272,551	\$ 3,272,551
24413		Travis Park	Austin	Acq/Rehab	7/19/2024	Closed	199	199	Previously Approved	\$4,415,970	\$ 4,055,517
24400		Centerpoint Commons	San Marcos	NC	7/2/2024	Closed	363	363	Previously Approved	\$4,236,702	\$ 4,236,702
24414	02414	Eagle's Landing	Austin	Acq/Rehab	7/9/2024	Closed	240	240	Previously Approved	\$2,984,364	\$ 2,984,364
24448		Cordova	Houston	NC	5/31/2024	Closed	283	283	Previously Approved	\$2,898,554	\$ 2,898,462
24442	23468	Palladium Carver Living	Mesquite	NC	6/20/2024	Closed	288	288	Category 2	\$3,319,755	\$ 3,319,755
24447		Sageland Flats/fka Brooks Family Apartments	San Antonio	NC	6/3/2024	Closed	338	338	Previously Approved	\$3,665,934	\$ 3,665,934
24417		Village at Collinwood	Austin	Acq/Rehab	7/23/2024	Closed	174	174	Category 2	\$1,558,293	\$ 1,558,923
24450		The Tidwell	Houston	NC	7/19/2024	Closed	99	99	Category 1	\$1,029,000	\$ 1,029,000
24444	23441	Legacy Senior Residences SA	San Antonio	NC	7/23/2024	Closed	180	180	Category 2	\$2,358,467	\$ 2,312,760
24439	03401	West Virginia Apts	Dallas	Acq/Rehab	6/26/2024	Closed	204	204	Category 2	\$1,872,663	\$ 1,872,663
24441		NHH Avenue C	Houston	NC	5/17/2024	Closed	120	120	Category 1	\$1,734,273	\$ 1,734,273
24424		Union Pines	San Antonio	Acq/Rehab	5/24/2024	Closed	152	152	Category 1	\$1,448,343	\$ 1,448,343
24410	02019	Yale Village	Houston	Acq/Rehab	5/15/2024	Closed	250	250	Category 1	\$2,526,067	\$ 2,497,506
24422	060189	River Point	San Angelo	Acq/Rehab	5/9/2024	Closed	204	204	Previously Approved	\$1,560,573	\$ 1,551,100
24436		Huntington Place Senior Living	Garland	NC	5/13/2024	Closed	204	204	Category 2	\$2,102,482	\$ 2,102,482
24403		Woodland Hills	Houston	NC	5/15/2024	Closed	366	366	Category 2	\$3,711,314	\$ 3,711,314
24431	02093	Union Park	San Antonio	Acq/Rehab	5/17/2024	Closed	100	100	Category 1	\$844,631	\$ 844,631
24412	23456	Palladium San Antonio	San Antonio	NC	5/14/2024	Closed	288	288	Category 1	\$3,169,722	\$ 3,169,722
24601	23618	Palladium E Lancaster	Fort Worth	NC	5/9/2024	Closed	243	243	Category 1	\$2,947,381	\$ 2,947,381
24600	23611	Palladium Old FM 471 W	San Antonio ETJ	NC	5/9/2024	Closed	321	321	Category 2	\$3,511,258	\$ 3,511,258
24602	23616	Gulfway Manor	Corpus Christi	Acq/Rehab	6/13/2024	Closed	151	151	Category 3*	\$2,215,055	\$ 2,215,055
24455		Cedar Ridge Terrace/fka Brooks Senior Apartments	San Antonio	NC	6/3/2024	Closed	239	239	Previously Approved	\$2,448,466	\$ 2,448,466
24456		Residences at Pearsall Park	San Antonio	NC	7/12/2024	Closed	238	238	Previously Approved	\$2,501,937	\$ 2,501,937
24460		Willow Creek Manor	Houston	NC	8/5/2024	Closed	264	264	Previously Approved	\$3,450,194	\$ 3,434,480
24415	03001	Heritage Point Senior	Austin	Acq/Rehab	9/10/2024	Closed	240	240	Category 2	\$1,931,068	\$ 1,931,068
24405		The Springs	San Marcos	NC	9/4/2024	Closed	304	304	Previously Approved	\$3,357,834	\$ 3,349,671
24470		Tower Road	Manor	NC	10/14/2024	Closed	324	324	Previously Approved	\$4,629,063	\$ 4,551,346
24451		Sage at Franklin Park	Austin	NC	10/25/2024	Closed	276	276	Previously Approved	\$5,875,194	\$ 5,649,718
24473		Hill View Heights	San Antonio	NC	9/18/2024	Closed	260	260	Previously Approved	\$3,207,050	\$ 3,173,614
24471		EMLI at Mesa Gardens	Houston	NC	9/12/2024	Closed	300	300	Category 1	\$3,184,352	\$ 3,184,352
24478		Creek Bend	San Antonio	NC	11/15/2024	Closed	312	312	Category 2	\$4,972,498	\$ 4,972,498
24438	95155	Waterford at Goldmark	Dallas	Acq/Rehab	10/28/2024	Closed	220	220	Category 2	\$2,341,963	\$ 2,341,659
24491		Bluestein Apartments	Austin	NC	11/18/2024	Closed	263	263	Previously Approved	\$3,485,774	\$ 3,485,689
							9205	9205		\$106,374,430	\$ 105,551,491
24429		Escuela Nueva	Austin	NC	7/1/2024	Approved	114	114	Category 1	\$2,417,519	\$ 2,417,519
24462		Sun Valley	Wichita Falls	Acq/Rehab	7/29/2024	Approved	132	132	Category 2	\$901,605	\$ 901,544
24454		Burleson Studios	Austin	NC	8/29/2024	Approved	100	100	Previously Approved	\$1,240,371	\$ 1,240,071
24606	23613	Walnut Springs	Seguin	NC	11/12/2024	Approved	177	177	Category 2	\$2,436,232	\$ 2,436,232
24476		Oso Apartments	Converse	NC	10/14/2024	Approved	336	336	Category 2	\$3,620,723	\$ 3,620,723
24483		Crystal Bend	Pflugerville	NC	10/31/2024	Approved	390	387	Previously Approved	\$3,617,656	\$ 3,617,656
24437		Wildwood Branch	Fort Worth	Acq/Rehab	10/28/2024	Approved	280	280	Category 2	\$2,703,190	\$ 2,703,190
24468		The Culbreath	Dallas	NC	11/20/2024	Approved	364	327	Category 3	\$3,670,251	\$ 3,670,251
24494		Cedar Bluff	Seguin	NC	12/4/2024	Approved	203	203	Previously Approved	\$2,201,873	\$ 2,192,550
							2,096	2,056		\$22,809,420	\$ 22,799,736
24607	23608	The Ridge at Loop 12	Dallas	NC	TBD	Active	300	300	Category 2*	\$4,196,118	\$ -
24472		Cairn Point at Montopolis	Austin	NC	TBD	Active	150	150	Category 1	\$1,940,320	\$ -
24474		Maxwell Hwy 21 Apartments	Maxwell	NC	TBD	Active	312	312	TBD	\$5,680,448	\$ -
24482		Melissa Apartments	Melissa	NC	TBD	Active	324	324	TBD	\$5,743,098	\$ -
24488		Decker Lake Apts	Austin	NC	TBD	Active	274	274	TBD	\$2,888,641	\$ -
24490		Columbia Renaissance Square I	Fort Worth	NC	TBD	Active	100	100	Category 1	\$1,466,504	\$ -
24487		Paradise Gardens	Dallas	Acq/Rehab	TBD	Active	113	113	Category 2	\$1,440,116	\$ -
24484	060412	Piedmont Apartments	Baytown	Acq/Rehab	TBD	Active	250	250	TBD	\$1,440,088	\$ -
24492		Loyola Flats	Austin	NC	TBD	Active	208	208	Category 2	\$3,591,907	\$ -
24493		Rundberg Flats	Austin	NC	TBD	Active	199	199	Category 2	\$3,227,876	\$ -
24485		Tenison Lofts	Dallas	NC	TBD	Active	164	164	Previously Approved	\$2,007,097	\$ -
24497		The Commons at Acequia Trail	San Antonio	NC	TBD	Active	201	201	Previously Approved	\$2,739,963	\$ -
24496		Riverbreeze Apartments	San Antonio	NC	TBD	Active	264	264	TBD	\$3,156,997	\$ -

24702	Payton Gin	Austin	NC	TBD	Active	176	176	TBD	\$2,909,484	\$ -
24411	Royal Crest	Dallas	Acq/Rehab	TBD	Active	167	167	TBD	\$2,712,096	\$ -
24475	Hughes House II	Fort Worth	NC	TBD	Active	302	216	TBD	\$3,513,017	\$ -
24499	Belmont Apartments	Austin	NC	TBD	Active	348	348	TBD	\$3,058,435	\$ -
24703	Independence Heights II	Houston	NC	TBD	Active	221	212	TBD	\$3,420,496	\$ -
24498	Mesa Hills	El Paso	NC	TBD	Active	64	64	TBD	\$782,057	\$ -
24605	The Preserve at Dominion Parl	Houston	NC	TBD	Active	134	134	TBD	\$2,183,742	\$ -
24608	Airport Commerce Multifamily	Austin	NC	TBD	Active	164	164	TBD	\$1,724,818	\$ -
						4,435	4,340		59,823,318	-

TOTAL						15,736	15,601		\$189,007,168	\$ 128,351,227
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24603	04213	Morningstar Square	Texas City	Acq/Rehab	Pre-Application	136	136	TBD	\$730,278	\$ -
24604		The Legacy on Kiest	Dallas	NC	Pre-Application	180	180	TBD	\$2,599,026	\$ -
24609		600 Building	Corpus Christi	Adaptive Reuse	Pre-Application	151	151	TBD	\$3,440,812	\$ -
24620		The Heights at UNT Station	Dallas	NC	Pre-Application	240	240	TBD	\$3,407,652	\$ -
21608S	21608	Fiji Lofts	Dallas	NC	Pre-Application	204	204	TBD	\$2,703,561	\$ -
25601	24613	Waters at Waterchase	Dallas	Acq/Rehab	Pre-Application	134	134	TBD	\$1,066,013	\$ -
25600	24614	Waters at Arrowood	Houston	Acq/Rehab	Pre-Application	304	303	TBD	\$2,162,645	\$ -
24615		The Heights at Country Creek	Dallas	NC	Pre-Application	240	240	TBD	\$3,386,035	\$ -
24616		The Legacy on Belt Line	Dallas	NC	Pre-Application	180	180	TBD	\$2,333,485	\$ -
24617		The Gateway at Trinity Forest	Dallas	NC	Pre-Application	300	300	TBD	\$4,171,137	\$ -
25602	24618	Torrington Wilmer	Wilmer	NC	Pre-Application	300	300	TBD	\$3,791,914	\$ -
24619		Branniff Lofts	Dallas	Adaptive Reuse	Pre-Application	48	48	TBD	\$1,205,827	\$ -
						2,417	2,416		30,998,385	-

20613S	20613	y Riverside Senior Apartment	Fort Worth	NC	Withdrawn	264	264		\$4,037,186	\$ -
24432		Legacy at Spring	Spring	NC	Withdrawn	200	200		\$1,891,501	\$ -
24428		Marshall Lofts	Marshall	NC	Withdrawn	156	156		\$996,578	\$ -
24425		Trinity East Village	Houston	NC	Withdrawn	72	72		\$3,117,722	\$ -
24411		Royal Crest	Dallas	Acq/Rehab	Withdrawn	167	167		\$1,874,721	\$ -
24420	11, 03456, 2	The Life at Timber Ridge	Houston	Acq/Rehab	Withdrawn	316	316		\$2,870,759	\$ -
24419	01485	The Life at Clearwood	Houston	Acq/Rehab	Withdrawn	276	276		\$2,738,632	\$ -
24418	4405 ; 234C	The Life at Brighton Estates	Houston	Acq/Rehab	Withdrawn	248	248		\$2,178,973	\$ -
24433		Silver Village	Lubbock	Acq/Rehab	Withdrawn	100	100		\$804,955	\$ -
24434		Independence Village	Amarillo	Acq/Rehab	Withdrawn	150	150		\$1,304,782	\$ -
24423	23402	Legacy Senior Residences Midlar	Midland	NC	Withdrawn	201	201		\$1,607,756	\$ -
24426		Bay Terrace	Baytown	Acq/Rehab	Withdrawn	130	130		\$940,292	\$ -
24435	04412	Chisholm Trail	Houston	Acq/Rehab	Withdrawn	228	228		\$2,125,586	\$ -
24445	23458	Aureus at Whisper Hills	San Marcos	NC	Withdrawn	267	267		\$3,098,851	\$ -
24457		Solano Apartments	Webster	Acq/Rehab	Withdrawn	260	260		\$2,156,640	\$ -
24452		Liberty Hill Apartments	Liberty Hill	NC	Withdrawn	324	324		\$4,484,984	\$ -
24464		Manor Apartments	Austin	NC	Withdrawn	181	179		\$2,728,849	\$ -
24466	538613	Brittons Place	Houston	Acq/Rehab	Withdrawn	48	48		\$422,916	\$ -
24461	23406	Robinhood Terrace	Brownsville	NC	Withdrawn	236	236		\$2,262,133	\$ -
24467	95157	Pleasant Hill Village	Houston	Acq/Rehab	Withdrawn	165	165		\$1,086,464	\$ -
24465		Grocer Lofts	San Antonio	NC	Withdrawn	48	48		\$664,127	\$ -
24458		Sunset Ridge	Austin	NC	Withdrawn	222	222		\$2,307,696	\$ -
24477		The Landing at Pinewood Park	Lubbock	Acq/Rehab	Withdrawn	228	228		\$1,171,954	\$ -
24479		Shady Acres	Waco	NC	Withdrawn	186	186		\$882,348	\$ -
24495		Oak Hill Lofts	Austin	NC	Withdrawn	90	90		\$1,199,614	\$ -
24481		Enclave on Louetta	Spring	NC	Withdrawn	358	358		\$3,448,726	\$ -
						4857	4855			

***Conditions for 24607**

1. The Applicant, or the management company contracted by the Applicant, has prepared and updated its internal procedures to improve compliance outcomes and provided copies of such new or updated procedures to the Department.
2. Owner is required to designate a person or persons to receive Compliance correspondence and ensure that this person or persons will provide timely responses to the Department for and on behalf of the proposed Development and all other Development subject to TDHCA LURAs over which the Owner has the power to exercise Control.

***Conditions for 24602**

1. The Applicant or the management company contracted by the Applicant is required to prepare or update its internal procedures to improve compliance outcomes and to provide copies of such new or updated procedures to the Department upon request.
2. Owner agrees to establish an email distribution group in CMTS (or other Department required system), to be kept in place until no later than a **December 31, 2025**, and include agreed upon employee positions and/or designated Applicant members.
3. Owner is required to ensure that agreed upon persons attend and/or review the trainings listed in subparagraphs (A), (B) and (C) of this paragraph and provide TDHCA with certification of attendance or completion no later than a **September 1, 2024**.
 - (A) Housing Tax Credit Training sponsored by the Texas Apartment Association;
 - (B) Income Determination Training conducted by TDHCA staff;
 - (C) Review one or more of the TDHCA Compliance Training Presentation webinars:
 - 2022 Monitoring Reviews Beginning to End Training
 - 2023 CMTS Training and Frequently Asked Questions



Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 25-014

Agenda Date: 1/16/2025

Agenda #: 17.

Presentation, discussion, and possible action on Resolution No.25-014 approving a financial advisory services agreement; authorizing the execution of documents and instruments necessary or convenient to carry out the purposes of this resolution; and containing other provisions relating to the subject

RECOMMENDED ACTION

Adopt attached resolution.

BACKGROUND

TDHCA issues revenue bonds from time to time, as authorized by Tex. Gov't Code §2306.353. Issuance is done in either the TDHCA Single Family Mortgage Revenue Bond Indenture or the Residential Mortgage Revenue Bond Indenture. Bond proceeds are used to fund below market mortgage loans for qualified low, very low, and moderate-income first-time homebuyers across the State of Texas. These indentures have grown to a Fair Market Value of over \$3.6 billion as of August 31, 2024.

TDHCA also operates a TBA mortgage program whereby the Department makes mortgage loans and provides Down Payment Assistance to qualified low, very low, and moderate-income Texas homebuyers. These loans are priced, pooled, and sold in the open market.

Tex. Gov't Code §2306.053 paragraph 9, outlines that the Department may appoint and determine the qualifications, duties, and tenure of professional advisors and financial consultants. TDHCA has utilized the services of financial advisory firms since the inception of the program.

On September 15, 2024, the Department issued a Request for Proposals (RFP) for firms interested in serving as Financial Advisor for both Single-Family and Multi-family Bond Finance. The RFP had a submission deadline of October 18, 2024. The Department received proposals from four firms: Caine Mitter, CSG, CfX, and Stifel Nicolaus by the due date.

A review team of seven Department staff from both Single Family and Multifamily Bond Finance evaluated the responses and selected CSG to serve as Financial Advisor to the Department.

The contract is expected to begin on January 17, 2025. The term of the award is two years, with the ability to renew and extend for one year per renewal, for a maximum of three consecutive renewal years.

TDHCA has the right to terminate the agreement, in whole or in part, with 30 day's notice.

The value of the contract is expected to be approximately \$1 million per year, depending on the Department's level of bond issuance and additional services requested of and provided by the Financial Advisor.

Financial Advisor fees will be paid either with bond proceeds or indenture excess revenue.

Services to be provided are provided in the Board Book in the document entitled 'CSG Proposed Services'.

RESOLUTION NO. 25-014

RESOLUTION APPROVING A FINANCIAL ADVISORY SERVICES AGREEMENT;
AUTHORIZING THE EXECUTION OF DOCUMENTS AND INSTRUMENTS NECESSARY
OR CONVENIENT TO CARRY OUT THE PURPOSES OF THIS RESOLUTION; AND
CONTAINING OTHER PROVISIONS RELATING TO THE SUBJECT

WHEREAS, the Texas Department of Housing and Community Affairs (the "Department") has been duly created and organized pursuant to and in accordance with the provisions of Chapter 2306, Texas Government Code, as amended from time to time ("Chapter 2306"), for the purpose of providing for the housing needs of individuals and families of low, very low, and extremely low income and families of moderate income (as described in Chapter 2306 as determined by the Governing Board of the Department (the "Board") from time to time) at prices they can afford; and

WHEREAS, Chapter 2306 authorizes the Department: (a) to make mortgage loans to housing sponsors to provide financing for multifamily residential rental housing in the State of Texas (the "State") intended to be occupied by persons and families of low, very low and extremely low income and families of moderate income, as determined by the Department; (b) to issue its revenue bonds or notes for the purpose, among others, of obtaining funds to make such loans and provide financing, to establish necessary reserve funds and to pay administrative and other costs incurred in connection with the issuance of such bonds or notes; and (c) to pledge all or any part of the revenues, receipts or resources of the Department, including the revenues and receipts to be received by the Department from such multifamily residential rental development loans, and to mortgage, pledge or grant security interests in such loans or other property of the Department in order to secure the payment of the principal or redemption price of and interest on such bonds or notes; and

WHEREAS, the Board desires to authorize the execution and delivery of a Financial Advisory Services Agreement (the "Financial Advisory Services Agreement") setting forth the terms under which CSG Advisors (the "Financial Advisors") will provide certain financial advisory services to the Department, and the taking of such other actions as may be necessary or convenient to carry out the purposes of this Resolution;

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BOARD OF THE TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS:

ARTICLE 1

APPROVAL OF DOCUMENTS AND CERTAIN ACTIONS

Section 1.1 Authorization of the Execution and Delivery of Financial Advisory Services Agreement. The Authorized Representatives each are hereby authorized to execute the Financial Advisory Services Agreement and to deliver the Financial Advisory Services Agreement to the Financial Advisor.

Section 1.2 Execution and Delivery of Other Documents. The Authorized Representatives are each hereby authorized to execute and deliver all agreements, certificates, contracts, documents, instruments, releases, financing statements, letters of instruction, notices, written requests and other papers, whether or not mentioned herein, as may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution.

Section 1.3 Authorized Representatives. The following persons are each hereby named as authorized representatives of the Department for purposes of executing, attesting, affixing the Department's seal to, and delivering the documents and instruments and taking the other actions referred to in this Resolution: the Chair or Vice Chair of the Board, the Executive Director of the Department, the Director of Administration of the Department, the Director of Financial Administration of the Department, the Director of Bond Finance of the Department and the Secretary or Assistant Secretary to the Board. Such persons are referred to herein as the "Authorized Representatives." Any one of the Authorized Representatives is authorized to act individually as set forth in this Resolution.

ARTICLE 2 GENERAL PROVISIONS

Section 2.1 Notice of Meeting. That this Resolution was considered and adopted at a meeting of the Board that was noticed, convened, and conducted in full compliance with the Texas Open Meetings Act, Chapter 551 of the Texas Government Code, and with Section 2306.032 of the Texas Government Code, regarding meetings of the Board.

Section 2.2 Effective Date. That this Resolution shall be in full force and effect from and upon its adoption.

PASSED AND APPROVED this [16th day of January, 2025].

CSG Proposed Services

Single Family Financial Advisor Services:

- Advise as to appropriate timing and provide comprehensive MRB structuring alternatives for issuance of debt.
- Review the bond financing and offering documents, as applicable.
- Assist with the selection of underwriting team, credit enhancement providers, and other parties.
- Rating Agency consulting and relationship management.
- Provide comprehensive TDHCA financial and capital adequacy analysis and reporting and assist leadership with strategic planning initiatives, including program design recommendations.
- Attend Texas Bond Review Board and TDHCA Board meetings, as required.
- Attend bond pricings, as required.
- Provide other financial advisory services as requested by the Department.
- Analyze and advise on proposed structure, pricing, expenses, underwriter's compensation, and attributes of proposed issuances, including any new single family bond structures of the Department.
- Review ratings, including rating agency stress tests and other evaluative criteria, and assisting in developing, as needed, strategies to achieve and maintain ratings that are consistent with ratings objectives of the Department and the State of Texas. Prepare rating agency and management cash flows which incorporate all rating agency requirements and TDHCA bond indenture provisions and certificate Cash Flows for Bond Resolution and indenture compliance.
- Assist the Department in evaluation and development of DPA funding solutions.
- Analyze options to monetize DPA second loans to increase liquidity for ongoing operations.
- Provide models to assist in mortgage rate setting, current and future mortgage pipeline management, and well as pipeline performance monitoring.
- Analyze and assist in identifying refunding, defeasance, exercise of options, cross-call or other opportunities for existing debt.
- Provide database tools to acquire, store, and translate HFA, trustee, and third-party data into usable and actionable reporting.
- Calculate bond and mortgage yields, weighted average maturity, and universal cap
- compliance., both at bond issuance and as needed post-closing for federal tax law compliance.
- Store refunding genealogy and, compute and monitor 32- and 10-year rule compliance.
- Analyze prepayment speed analytics under various economic scenarios.
- Recommend and implement bond redemption strategies.
- Consultation on TBA program structure and product offerings.

Swap Services:

- Assist with quarterly swap mark-to-market reports and annual GASB #53 and GASB #72 reports.
- Valuation and accounting calculations.
- Assist in price verification and competitive bidding on new swaps.
- Counterparty selection and ongoing monitoring.
- Document review and negotiation.
- Valuation and accounting calculations.
- Swap performance / risk assessment.
- Federal tax law compliance calculations
- Market opportunities and option exercise recommendations.
- Derivative structure consultation for housing finance synergy.
- Provide regulatory guidance.

Investment Services:

- Act as bidding agent for Guaranteed Investment Contracts (GICs), repurchase agreements, and securities.
- Maintain records of investment agreement provider credit ratings.
- Monitor rating agency investment criteria.
- Assist in analysis of negative arbitrage, arbitrage rebate, analysis and rating agency investment methodology.

Multifamily Services:

- Provide recommendations to the TDHCA Board relating to the bond issuance and structure of the transaction.
- Review bond financing and, as applicable, offering documents.
- Analyze and advise on proposed structure, pricing, underwriter's compensation and attributes of proposed issuances, including any new bond structures.
- Rating Agency consulting and relationship management.
- Provide program design recommendations, as appropriate.
- Review and assist with possible modifications to the Department's form of institutional investor letter.
- Research and advise on layering third party assistance programs (e.g., HUD subsidy programs).
- Provide a final transaction closing report for each multifamily issuance.
- Attend Texas Bond Review Board and TDHCA Board meetings.
- Assist, when necessary, with bond closings.
- Provide other financial advisory services as requested by the Department.
- Assist and advise, upon request, regarding multifamily workouts and restructurings, bond redemptions and defeasances.
- Provide reports (quarterly or as agreed upon) detailing interest rates, trends, volume and structure of multifamily transactions closed in the market, etc.
- Review ratings, including rating agency stress tests and other evaluative criteria, and assisting in developing, as needed, strategies to achieve and maintain ratings that are consistent with ratings objectives of the Department and the State of Texas.
- Provide cash flow analytics
- Calculate bond and mortgage yields and weighted average maturity, both at bond issuance and as needed post-closing for federal tax law compliance.



Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 25-015

Agenda Date: 1/16/2025

Agenda #: 18.

Presentation, discussion, and possible action on Resolution No. 25-015 approving a servicer oversight services agreement; authorizing the execution of documents and instruments necessary or convenient to carry out the purposes of this resolution; and containing other provisions relating to the subject

RECOMMENDED ACTION

Adopt attached resolution.

BACKGROUND

TDHCA operates a mortgage revenue bond program whereby bond proceeds are utilized to fund below market mortgage loans for qualified low, very low, and moderate-income first-time homebuyers across the State of Texas. The Department also operates a TBA mortgage program whereby the Department makes mortgage loans and provides Down Payment Assistance to qualified low, very low, and moderate-income Texas homebuyers. TBA loans are pooled and sold in the open market.

TDHCA contracts with third-party firms to service mortgage loans originated by the program. The Department has utilized Idaho Housing Finance Association (IHFA) as primary servicer of both bond-funded and TBA mortgage loans since 2016. IHFA is currently servicing over \$8.6 billion in TDHCA loans. US Bank and Bank of America service a small number of older TDHCA loans.

The Department has an obligation to ensure all TDHCA-originated loans are serviced in full compliance with FHA, VA, FNMA, FHLMC (or applicable Agency) guidelines and confirm that servicers are consistently following their and TDHCA's written policies and procedures. Regular audit and review of servicer activities is also an industry best practice.

On April 10, 2024, the Department issued a Request for Proposals (RFP) for firms interested in serving as Servicer Oversight Provider. The RFP had a submission deadline of May 9, 2024. Three proposals were received. A review team of Department staff evaluated the responses, and selected Cohn Reznick to serve as Servicer Oversight Provider to the Department.

The term of the award is one year, with the ability to renew and extend for one year per renewal, for a maximum of two consecutive renewal years.

TDHCA has the right to terminate the agreement, in whole or in part, with 30 days' notice.

Servicer oversight review will focus exclusively on IHFA's past and current servicing activities. The work is expected to be completed across three phases over the next 18 months to two years. Total expenditure is expected to be approximately \$1,000,000 over the life of the agreement.

Servicer oversight fees will be paid with indenture excess revenues.

Servicer oversight review will include a review of IHFA's historic performance in servicing the Department's loans,

compliance with HFA (or applicable) guidelines, compliance with internal policies and procedures, and adherence with industry best practices related to timely loan processing, loss mitigation, delinquency management, foreclosures, loan modifications, and second lien recovery.

Additional services may include Mortgage Servicing Rights (MSR) valuation and advisory services related to possible MSR sales.

RESOLUTION NO. 25-015

RESOLUTION APPROVING A SERVICER OVERSIGHT SERVICES AGREEMENT; AUTHORIZING THE EXECUTION OF DOCUMENTS AND INSTRUMENTS NECESSARY OR CONVENIENT TO CARRY OUT THE PURPOSES OF THIS RESOLUTION; AND CONTAINING OTHER PROVISIONS RELATING TO THE SUBJECT

WHEREAS, the Texas Department of Housing and Community Affairs (the "Department") has been duly created and organized pursuant to and in accordance with the provisions of Chapter 2306, Texas Government Code, as amended from time to time ("Chapter 2306"), for the purpose of providing for the housing needs of individuals and families of low, very low, and extremely low income and families of moderate income (as described in Chapter 2306 as determined by the Governing Board of the Department (the "Board") from time to time) at prices they can afford; and

WHEREAS, Chapter 2306 authorizes the Department: (a) to make mortgage loans to housing sponsors to provide financing for multifamily residential rental housing in the State of Texas (the "State") intended to be occupied by persons and families of low, very low and extremely low income and families of moderate income, as determined by the Department; (b) to issue its revenue bonds or notes for the purpose, among others, of obtaining funds to make such loans and provide financing, to establish necessary reserve funds and to pay administrative and other costs incurred in connection with the issuance of such bonds or notes; and (c) to pledge all or any part of the revenues, receipts or resources of the Department, including the revenues and receipts to be received by the Department from such multifamily residential rental development loans, and to mortgage, pledge or grant security interests in such loans or other property of the Department in order to secure the payment of the principal or redemption price of and interest on such bonds or notes; and

WHEREAS, the Board desires to authorize the execution and delivery of a Servicer Oversight Services Agreement (the "Servicer Oversight Services Agreement") setting forth the terms under which Cohn Reznick Advisors (the "Servicer Oversight Provider") will provide certain servicer oversight services to the Department, and the taking of such other actions as may be necessary or convenient to carry out the purposes of this Resolution;

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BOARD OF THE TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS:

ARTICLE 1

APPROVAL OF DOCUMENTS AND CERTAIN ACTIONS

Section 1.1 Authorization of the Execution and Delivery of Servicer Oversight Services Agreement. The Authorized Representatives each are hereby authorized to execute the Servicer Oversight Services Agreement and to deliver the Servicer Oversight Services Agreement to the Servicer Oversight Services provider.

Section 1.2 Execution and Delivery of Other Documents. The Authorized Representatives are each hereby authorized to execute and deliver all agreements, certificates, contracts, documents, instruments, releases, financing statements, letters of instruction, notices, written requests and other papers, whether or not mentioned herein, as may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution.

Section 1.3 Authorized Representatives. The following persons are each hereby named as authorized representatives of the Department for purposes of executing, attesting, affixing the Department's seal to, and delivering the documents and instruments and taking the other actions referred to in this Resolution: the Chair or Vice Chair of the Board, the Executive Director of the Department, the Director of Administration of the Department, the Director of Financial Administration of the Department, the Director of Bond Finance of the Department and the Secretary or Assistant Secretary to the Board. Such persons are referred to herein as the "Authorized Representatives." Any one of the Authorized Representatives is authorized to act individually as set forth in this Resolution.

ARTICLE 2 GENERAL PROVISIONS

Section 2.1 Notice of Meeting. That this Resolution was considered and adopted at a meeting of the Board that was noticed, convened, and conducted in full compliance with the Texas Open Meetings Act, Chapter 551 of the Texas Government Code, and with Section 2306.032 of the Texas Government Code, regarding meetings of the Board.

Section 2.2 Effective Date. That this Resolution shall be in full force and effect from and upon its adoption.

PASSED AND APPROVED this [16th day of January, 2025].



Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 892

Agenda Date: 1/16/2025

Agenda #: 19.

Presentation, discussion, and possible action regarding a Material Amendment to the Housing Tax Credit Application for Santa Fe Place (HTC #23178/24266)

RECOMMENDED ACTION

WHEREAS, Santa Fe Place (Development) received an award of 9% Housing Tax Credits (HTCs) as a forward commitment in 2023 for the new construction of 110 multifamily units, 98 of which are low-income units, for the general population in Lubbock, Lubbock County;

WHEREAS, KRS Santa Fe Place, LP (Applicant) requests approval for changes to the site plan and architectural design plans to ensure financial feasibility;

WHEREAS, the Applicant requests approval for a decrease in the total number of units from 110 to 90, by removing all 12 market rate units and eight HTC units, representing a reduction of 8.16% in the number of low-income units;

WHEREAS, the Applicant also requests approval for a reduction to the Net Rentable Area (NRA) from 102,995 square feet to 74,100 square feet, which is a reduction of 28,895 square feet or 28.05%, and for a reduction in the Common Area from 13,897 square feet to 12,088 feet, representing a reduction of 1,809 square feet or 13.02%;

WHEREAS, the redesign would also change the buildings' positioning on the site, though the site footprint itself will not be changing from Application, make the clubhouse part of one of the residential buildings, and the new plans no longer include a pool;

WHEREAS, Board approval is required for a significant modification of the site plan, a modification of the number of Units or bedroom mix of the Units, a reduction of 3% or more in the square footage of the Units or Common Area, a significant modification of the architectural design, and a modification of the residential density of at least 5% as directed in Tex. Gov't Code §2306.6712(d)(1), (2), (4), (5), and (6) and 10 TAC §10.405(a)(4)(A), (B), (D), (E), and (F), and the Owner has complied with the amendment requirements therein; and

WHEREAS, the requested changes do not negatively affect the Development, impact the viability of the transaction, impact the scoring of the Application, or affect the HTC amount awarded;

NOW, therefore, it is hereby

RESOLVED, that the requested amendment for Santa Fe Place is approved as presented at this

meeting, and the Executive Director and his designees are each hereby authorized, directed, and empowered to take all necessary action to effectuate the foregoing.

BACKGROUND

Santa Fe Place was approved for a 9% HTC award as a forward commitment in 2023 for the construction of 110 units, of which 98 are designated as low-income units, of multifamily housing for the general population in Lubbock, Lubbock County. In a letter dated November 22, 2024, Sarah Anderson, the representative for the Applicant, requested approval for a material amendment to the Application.

The Applicant indicated that the initial design of the Development is no longer financially viable and is requesting approval for a reduction to the number of units from 110 to 90, by removing the 12 market units and eight HTC units, which represents a reduction of 8.16% in the number of low-income units and a reduction of 18.18% in total units. The reduction to the number of units will result in an 18.18% decrease in residential density from 24.11 units per acre to 19.72 units per acre. The Net Rentable Area will decrease from 102,995 square feet to 74,100 square feet, a reduction of 28,895 square feet (28.05%). The revised unit mix includes 24 one-bedroom units, 48 two-bedroom units, and 18 three-bedroom units instead of the originally proposed 30 one-bedroom units, 58 two-bedroom units, and 22 three-bedroom units. Additionally, the Applicant requests approval for a reduction to the total Common Area from 13,897 square feet to 12,088 square feet, a decrease of 1,809 square feet (13.02%). The decrease in the number of units has reduced the required parking spaces under the Lubbock zoning ordinance from 244 to 120. The pool will also be eliminated. The Applicant states that this redesign is needed to ensure financial feasibility of the Development.

The reduction to the number of units will result in the elimination of the market rate units and a reduction to the units at 30% of Area Median Income (AMI) units from 10 units to nine units, a reduction to the 50% AMI units from 20 units to 18 units, and a reduction to the 60% AMI units from 68 units to 63 units. Additionally, there are changes to the square footage of the units, which will now be at the minimum required square footage for points for each size.

The Development was re-underwritten with the proposed amendment and revised financial information. The analysis supports no change to the HTC allocation and demonstrates the Development remains feasible.

Staff confirmed that the revised design plans and parking will continue to meet accessibility requirements. Additionally, staff reviewed the original Application and scoring documentation against this amendment request, and has concluded that none of the changes would have resulted in selection or threshold criteria changes that would have affected the selection of the Application in the competitive round.

Staff recommends approval of the amendment as presented herein.



Addendum to Underwriting Report

TDHCA Application #: **23178** Program(s): **9% HTC**

Santa Fe Place (f/k/a Justice Place)

Address/Location: _____ SEQ of 43rd St. and Justice Ave.

City: _____ Lubbock County: _____ Lubbock Zip: _____ 79407

APPLICATION HISTORY	
Report Date	PURPOSE
12/19/24	9% HTC Amendment
10/02/23	New Application- Initial Underwriting

ALLOCATION

TDHCA Program	Previous Allocation				RECOMMENDATION				
	Amount	Rate	Amort	Term	Amount	Rate	Amort	Term	Lien
LIHTC (9% Credit)	\$1,967,650				\$1,967,650				

CONDITIONS STATUS

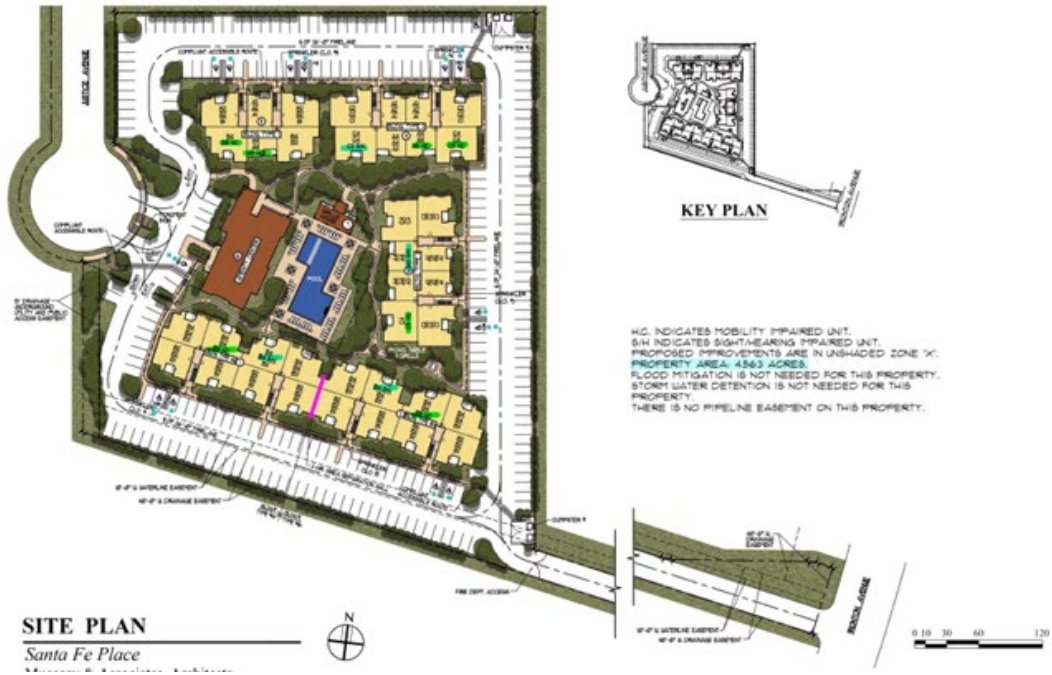
- Receipt and acceptance by Cost Certification:
 - Architect certification that buildings were tested for the presence of radon and any recommended mitigation measures were implemented.

Should any terms of the proposed capital structure change or if there are material changes to the overall development plan or costs, the analysis must be re-evaluated and adjustment to the credit allocation and/or terms of other TDHCA funds may be warranted.

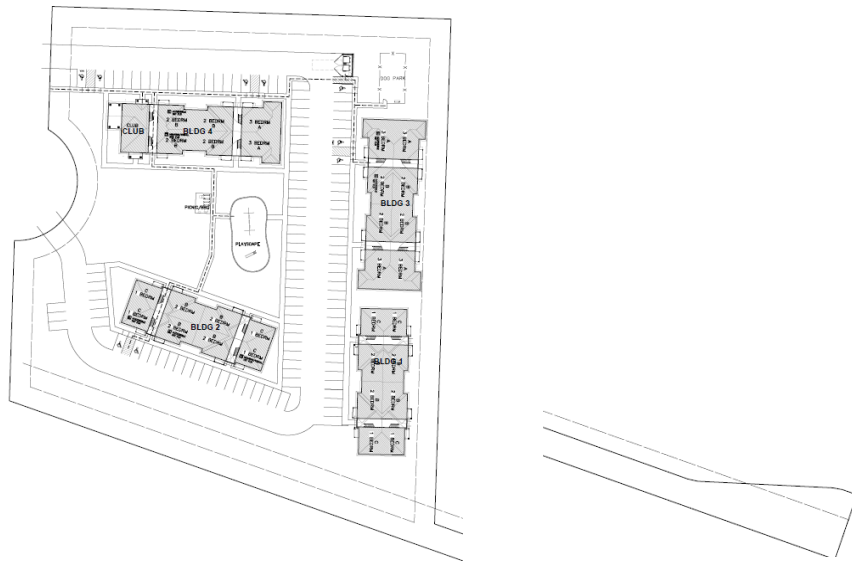
SET-ASIDES

TDHCA SET-ASIDES for HTC LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	9
50% of AMI	50% of AMI	18
60% of AMI	60% of AMI	63

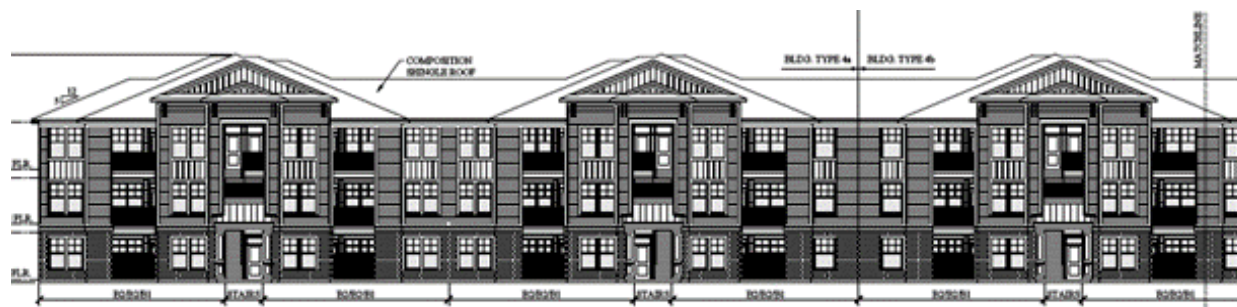
ORIGINAL SITE PLAN



AMENDED SITE PLAN SITE PLAN



ORIGINAL BUILDING ELEVATION



AMENDED BUILDING ELEVATION



ANALYSIS

The development originally received an annual 9% HTC allocation of \$1,967,650 in 2023 for a project consisting of 110 units. Applicant is now requesting the same allocation, but with a unit count reduction from 110 units to 90 units. The amended project design will eliminate all 12 originally proposed market rate units and 8 LIHTC units. Applicant has indicated that the revised project design is necessary in order to make the deal feasible for development due to the economic climate (higher permanent loan interest rate and higher construction costs). NRA is being reduced by 28% from 102,995 sf to 74,100 sf, and the common area is being reduced by 13% from 13,897 sf to 12,088 sf.

Applicant is now anticipating a \$5,145,338 perm loan at 7.00%, amortized over 40 years. This represents a decrease of \$454,662 from the originally proposed \$5,600,000 perm loan at 6.25% amortized over 35 years.

Operating Pro Forma

Underwriter updated to 2024 rents.

The reduction to the unit count from 110 units to 90 units will result in a \$141K reduction of EGI from \$1.1M to \$970K. Projected NOI is reduced by \$40K from \$481K to \$441K.

Underwriter's projected NOI essentially matches Applicant's. Therefore, Applicant's Pro Forma is used for the underwriting analysis.

Development Cost

Based upon the current 90 unit configuration, estimated building costs plus site work are \$154K/unit vs the original application estimate of \$132K/unit. However, total, building costs plus site work will decrease by \$713K from \$14.6M to \$13.9M, which will enable the project to become financially feasible. The Underwriter is within 5% of Applicant's projected costs and therefore, Applicant's projected development costs are used in the underwriting analysis.

Total housing development costs decreased by \$1.5M from \$24.5M to \$23M.

Sources of Funds

There has been an increase to the perm loan interest rate and a decrease in equity pricing since the original application was submitted. Applicant is anticipating a \$5,145,338 perm loan at 7.00%, amortized over 40 years. This represents a decrease of \$454,662 from the \$5,600,000 perm loan at 6.25% amortized over 35 years listed in the original application.

As a result of the reduction in development costs, tax credit equity has been reduced by \$787K from the original 9% underwriting in 2023. Equity pricing has decreased from \$0.90 to \$0.86.

Additionally, deferred developer fee was decreased by \$295K.

Conclusion

Underwriter recommends an annual 9% tax credit allocation of \$1,967,659 as previously awarded.

Underwriter:	<u>Georgia Simmons</u>
Manager of Real Estate Analysis:	<u>Greg Kazak</u>
Director of Real Estate Analysis:	<u>Jeanna Adams</u>

UNIT MIX/RENT SCHEDULE

Santa Fe Place (f/k/a Justice Place), Lubbock, 9% HTC #23178

LOCATION DATA	
CITY:	Lubbock
COUNTY:	Lubbock
Area Median Income	\$84,600
PROGRAM REGION:	1
PROGRAM RENT YEAR:	2024

UNIT DISTRIBUTION					
# Beds	# Units	% Total	Assisted	MDL	ARP
Eff	-	0.0%	0	0	0
1	24	26.7%	0	0	0
2	48	53.3%	0	0	0
3	18	20.0%	0	0	0
4	-	0.0%	0	0	0
5	-	0.0%	0	0	0
TOTAL	90	100.0%	-	-	-

Pro Forma ASSUMPTIONS	
Revenue Growth	2.00%
Expense Growth	3.00%
Basis Adjust	130%
Applicable Fraction	100.00%
APP % Acquisition	9.00%
APP % Construction	9.00%
Average Unit Size	823 sf

55%	Income	20%	30%	40%	50%	60%	70%	80%	EO / MR	TOTAL
Average	# Units	-	9	-	18	63	-	-	-	90
Income	% Total	0.0%	10.0%	0.0%	20.0%	70.0%	0.0%	0.0%	0.0%	100.0%

UNIT MIX / MONTHLY RENT SCHEDULE																			
HTC		UNIT MIX				APPLICABLE PROGRAM RENT			APPLICANT'S PRO FORMA RENTS				TDHCA PRO FORMA RENTS			MARKET RENTS			
Type	Gross Rent	# Units	# Beds	# Baths	NRA	Gross Rent	Utility Allow	Max Net Program Rent	Delta to Max	Rent psf	Net Rent per Unit	Total Monthly Rent	Total Monthly Rent	Rent per Unit	Rent psf	Delta to Max	Underwritten	Mrkt Analyst	
TC 30%	\$482	3	1	1	600	\$482	\$86	\$396	\$0	\$0.66	\$396	\$1,188	\$1,188	\$396	\$1	\$0	\$1,090	\$1.82	\$1,090
TC 50%	\$803	4	1	1	600	\$803	\$86	\$717	\$0	\$1.20	\$717	\$2,868	\$2,868	\$717	\$1	\$0	\$1,090	\$1.82	\$1,090
TC 60%	\$964	17	1	1	600	\$964	\$86	\$878	\$0	\$1.46	\$878	\$14,926	\$14,926	\$878	\$1	\$0	\$1,090	\$1.82	\$1,090
TC 30%	\$579	4	2	2	850	\$579	\$106	\$473	\$0	\$0.56	\$473	\$1,892	\$1,892	\$473	\$1	\$0	\$1,090	\$1.28	\$1,090
TC 50%	\$965	9	2	2	850	\$965	\$106	\$859	\$0	\$1.01	\$859	\$7,731	\$7,731	\$859	\$1	\$0	\$1,090	\$1.28	\$1,090
TC 60%	\$1,158	35	2	2	850	\$1,158	\$106	\$1,052	\$0	\$1.24	\$1,052	\$36,820	\$36,820	\$1,052	\$1	\$0	\$1,090	\$1.28	\$1,090
TC 30%	\$668	2	3	2	1,050	\$668	\$133	\$535	\$0	\$0.51	\$535	\$1,070	\$1,070	\$535	\$1	\$0	\$1,280	\$1.22	\$1,280
TC 50%	\$1,114	5	3	2	1,050	\$1,114	\$133	\$981	\$0	\$0.93	\$981	\$4,905	\$4,905	\$981	\$1	\$0	\$1,280	\$1.22	\$1,280
TC 60%	\$1,337	11	3	2	1,050	\$1,337	\$133	\$1,204	\$0	\$1.15	\$1,204	\$13,244	\$13,244	\$1,204	\$1	\$0	\$1,280	\$1.22	\$1,280
TOTALS/AVERAGES:		90			74,100				\$0	\$1.14	\$940	\$84,644	\$84,644	\$940	\$1.14	\$0	\$1,128	\$1.37	\$1,128

ANNUAL POTENTIAL GROSS RENT:	\$1,015,728	\$1,015,728
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*MFDL units float among Unit Types

STABILIZED PRO FORMA

Santa Fe Place (f/k/a Justice Place), Lubbock, 9% HTC #23178

STABILIZED FIRST YEAR PRO FORMA														
COMPARABLES			APPLICANT				PRIOR REPORT		TDHCA				VARIANCE	
Database	Local Comps		% EGI	Per SF	Per Unit	Amount	Applicant	TDHCA	Amount	Per Unit	Per SF	% EGI	%	\$
POTENTIAL GROSS RENT				\$1.14	\$940	\$1,015,728	\$1,174,536	\$1,174,536	\$1,015,728	\$940	\$1.14		0.0%	\$0
late fees, app fees and retained deposits						\$30.00	\$32,400	26,400						
Total Secondary Income						\$30.00		26,400	\$32,400	\$30.00			0.0%	\$0
POTENTIAL GROSS INCOME						\$1,048,128	\$1,200,936	\$1,200,936	\$1,048,128				0.0%	\$0
Vacancy & Collection Loss						7.5% PGI	(78,610)	(90,070)	(90,070)	(78,610)	7.5% PGI		0.0%	-
EFFECTIVE GROSS INCOME						\$969,518	\$1,110,866	\$1,110,866	\$969,518				0.0%	\$0

General & Administrative	\$36,686	\$408/Unit	\$41,961	\$466	4.18%	\$0.55	\$451	\$40,573	\$56,320	\$47,853	\$36,686	\$408	\$0.50	3.78%	10.6%	3,887
Management	\$32,897	4.7% EGI	\$36,507	\$406	5.00%	\$0.65	\$539	\$48,476	\$44,420	\$44,435	\$48,476	\$539	\$0.65	5.00%	0.0%	0
Payroll & Payroll Tax	\$116,890	\$1,299/Unit	\$129,024	\$1,434	13.82%	\$1.81	\$1,489	\$133,980	\$163,213	\$163,213	\$133,980	\$1,489	\$1.81	13.82%	0.0%	-
Repairs & Maintenance	\$52,482	\$583/Unit	\$48,057	\$534	6.06%	\$0.79	\$653	\$58,799	\$68,780	\$71,500	\$58,500	\$650	\$0.79	6.03%	0.5%	299
Electric/Gas	\$18,340	\$204/Unit	\$21,944	\$244	3.36%	\$0.44	\$362	\$32,560	\$23,451	\$24,627	\$21,944	\$244	\$0.30	2.26%	48.4%	10,616
Water, Sewer, & Trash	\$49,055	\$545/Unit	\$64,032	\$711	3.90%	\$0.51	\$420	\$37,800	\$65,979	\$59,956	\$49,055	\$545	\$0.66	5.06%	-22.9%	(11,255)
Property Insurance	\$55,857	\$0.75 /sf	\$84,787	\$942	7.43%	\$0.97	\$801	\$72,048	\$83,000	\$102,483	\$84,787	\$942	\$1.14	8.75%	-15.0%	(12,739)
Property Tax (@ 100%) 2.272515	\$53,060	\$590/Unit	\$68,871	\$765	8.04%	\$1.05	\$866	\$77,931	\$87,036	\$84,175	\$68,871	\$765	\$0.93	7.10%	13.2%	9,060
Reserve for Replacements					2.32%	\$0.30	\$250	\$22,500	\$27,500	\$27,500	\$22,500	\$250	\$0.30	2.32%	0.0%	-
Supportive Services					0.00%	\$0.00	\$0	\$0	\$6,000	\$6,000	\$0	\$0	\$0.00	0.00%	0.0%	-
TDHCA Compliance fees (\$40/HTC unit)					0.37%	\$0.05	\$40	\$3,600	\$3,920	\$3,920	\$3,600	\$40	\$0.05	0.37%	0.0%	-
TOTAL EXPENSES					54.49%	\$7.13	\$5,870	\$528,267	\$629,620	\$635,663	\$528,399	\$5,871	\$7.13	54.50%	0.0%	\$ (132)
NET OPERATING INCOME ("NOI")					45.51%	\$5.95	\$4,903	\$441,251	\$481,246	\$475,203	\$441,119	\$4,901	\$5.95	45.50%	0.0%	\$ 132

CONTROLLABLE EXPENSES	\$3,375/Unit		\$3,335/Unit
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CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Santa Fe Place (f/k/a Justice Place), Lubbock, 9% HTC #23178

DEBT / GRANT SOURCES																	
APPLICANT'S PROPOSED DEBT/GRANT STRUCTURE									Prior Underwriting		AS UNDERWRITTEN DEBT/GRANT STRUCTURE						
DEBT (Must Pay)	Fee	Cumulative DCR		Pmt	Rate	Amort	Term	Principal	Prior Underwriting		Principal	Term	Amort	Rate	Pmt	Cumulative	
		UW	App						Applicant	TDHCA						DCR	LTC
Legacy Bank & Trust		1.15	1.15	383,697	7.00%	40	15.0	\$5,145,338	\$5,600,000	\$5,600,000	\$5,145,338	15.0	40	7.00%	\$383,697	1.15	22.4%
CASH FLOW DEBT / GRANTS																	
City of Lubbock		1.15	1.15		0.00%	0	0.0	\$500	\$500	\$500	\$500	0.0	0	0.00%		1.15	0.0%
				\$383,697	TOTAL DEBT / GRANT SOURCES			\$5,145,838	\$5,600,500	\$5,600,500	\$5,145,838	TOTAL DEBT SERVICE			\$383,697	1.15	22.4%
NET CASH FLOW		\$57,422	\$57,554	APPLICANT NET OPERATING INCOME										\$441,251	\$57,555	NET CASH FLOW	

EQUITY SOURCES													
APPLICANT'S PROPOSED EQUITY STRUCTURE						Prior Underwriting		AS UNDERWRITTEN EQUITY STRUCTURE					
EQUITY / DEFERRED FEES	DESCRIPTION	% Cost	Annual Credit	Credit Price	Amount	Prior Underwriting		Amount	Credit Price	Annual Credit	% Cost	Annual Credits per Unit	Allocation Method
						Applicant	TDHCA						
RBC	LIHTC Equity	73.5%	\$1,967,650	\$0.86	\$16,920,098	\$17,707,079	\$17,707,079	\$16,920,098	\$0.8599	\$1,967,650	73.5%	\$21,863	Applicant Request
Overland Property Group	Deferred Developer Fees	4.1%	(44% Deferred)		\$950,794	\$1,246,136	\$1,246,136	\$1,246,136	(58% Deferred)		5.4%	Total Developer Fee:	\$2,148,500
Additional (Excess) Funds Req'd		0.0%					\$0				0.0%		
TOTAL EQUITY SOURCES		77.6%			\$17,870,892	\$18,953,215	\$18,953,215	\$18,166,234			78.9%		
TOTAL CAPITALIZATION					\$23,016,730	\$24,553,715	\$24,553,715	\$23,312,072	15-Yr Cash Flow after Deferred Fee:				\$2,790

DEVELOPMENT COST / ITEMIZED BASIS														
APPLICANT COST / BASIS ITEMS						Prior Underwriting		TDHCA COST / BASIS ITEMS				COST VARIANCE		
Acquisition	New Const. Rehab	Total Costs		Applicant	TDHCA	Total Costs		New Const. Rehab	Acquisition	%	\$			
		Eligible Basis	Eligible Basis											
Land Acquisition		\$13,803 / Unit	\$1,242,277	\$1,242,277	\$1,242,277	\$1,242,277	\$13,803 / Unit			0.0%	\$0			
Off-Sites	\$0	\$ / Unit	\$0	\$0	\$0	\$ / Unit	\$0			0.0%	\$0			
Site Work	\$1,967,321	\$21,859 / Unit	\$1,967,321	\$1,645,067	\$1,645,067	\$1,967,321	\$21,859 / Unit	\$1,967,321		0.0%	\$0			
Site Amenities	\$38,805	\$431 / Unit	\$38,805	\$380,000	\$380,000	\$38,805	\$431 / Unit	\$38,805		0.0%	\$0			
Building Cost	\$11,855,776	\$160.00 /sf	\$131,731/Unit	\$11,855,776	\$12,549,583	\$12,711,077	\$10,799,855	\$119,998/Unit	\$145.75 /sf	\$10,799,855	9.8%	\$1,055,921		
Contingency	\$713,108	5.14%	5.14%	\$713,108	\$728,733	\$728,733	\$713,108	5.57%	5.57%	\$713,108	0.0%	\$0		
Contractor Fees	\$1,711,860	11.75%	11.75%	\$1,711,860	\$2,040,451	\$2,040,451	\$1,711,860	12.66%	12.66%	\$1,711,860	0.0%	\$0		
Soft Costs	\$0	\$1,093,300	\$12,503 / Unit	\$1,125,300	\$1,142,039	\$1,142,039	\$1,125,300	\$12,503 / Unit		\$1,093,300	\$0	0.0%	\$0	
Financing	\$0	\$1,564,346	\$19,531 / Unit	\$1,757,799	\$1,292,515	\$1,292,515	\$1,757,799	\$19,531 / Unit		\$1,564,346	\$0	0.0%	\$0	
Developer Fee	\$0	\$2,148,500	11.34%	11.34%	\$2,148,500	\$2,945,983	\$2,945,983	\$2,148,500	12.01%	12.01%	\$2,148,500	\$0	0.0%	\$0
Reserves			6 Months	\$455,982	\$587,068	\$587,068	\$455,982	6 Months				0.0%	\$0	
TOTAL HOUSING DEVELOPMENT COST (UNADJUSTED BASIS)		\$0	\$21,093,016	\$255,741 / Unit	\$23,016,728	\$24,553,715	\$24,715,208	\$21,960,806	\$244,009 / Unit	\$20,037,095	\$0	4.8%	\$1,055,921	
Acquisition Cost	\$0			\$0	\$0									
Contingency	\$0			\$0	\$0									
Contractor's Fee	\$0			\$0	\$0									
Financing Cost	\$0													
Developer Fee	\$0	\$0		\$0	\$0									
Reserves				\$0	\$0									
ADJUSTED BASIS / COST		\$0	\$21,093,016	\$255,741/unit	\$23,016,728	\$24,553,715	\$24,715,208	\$21,960,806	\$244,009/unit	\$20,037,095	\$0	4.8%	\$1,055,921	
TOTAL HOUSING DEVELOPMENT COSTS (Applicant's Uses are within 5% of TDHCA Estimate):						\$23,016,728								

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Santa Fe Place (f/k/a Justice Place), Lubbock, 9% HTC #23178

CREDIT CALCULATION ON QUALIFIED BASIS				
	Applicant		TDHCA	
	Acquisition	Construction Rehabilitation	Acquisition	Construction
ADJUSTED BASIS	\$0	\$21,093,016	\$0	\$20,037,095
Deduction of Federal Grants	\$0	\$0	\$0	\$0
TOTAL ELIGIBLE BASIS	\$0	\$21,093,016	\$0	\$20,037,095
High Cost Area Adjustment		130%		130%
TOTAL ADJUSTED BASIS	\$0	\$27,420,921	\$0	\$26,048,223
Applicable Fraction	100.00%	100.00%	100%	100%
TOTAL QUALIFIED BASIS	\$0	\$27,420,921	\$0	\$26,048,223
Applicable Percentage	9.00%	9.00%	9.00%	9.00%
ANNUAL CREDIT ON BASIS	\$0	\$2,467,883	\$0	\$2,344,340
CREDITS ON QUALIFIED BASIS	\$2,467,883		\$2,344,340	

Method	ANNUAL CREDIT CALCULATION BASED ON APPLICANT BASIS		FINAL ANNUAL LIHTC ALLOCATION		
	Annual Credits	Proceeds	Credit Price	Variance to Request	
			\$0.8599	Credits	Proceeds
Eligible Basis	\$2,467,883	\$21,221,671	----	----	----
Needed to Fill Gap	\$2,078,218	\$17,870,890	----	----	----
Applicant Request	\$1,967,650	\$16,920,098	\$1,967,650	\$0	\$0

BUILDING COST ESTIMATE				
CATEGORY	FACTOR	UNITS/SF	PER SF	
Base Cost:	Garden (Up to 4-story)	74,100 SF	\$122.74	9,095,030
Adjustments				
Exterior Wall Finish	2.57%		3.15	\$233,658
Elderly	0.00%		0.00	0
9-Ft. Ceilings	3.32%		4.08	302,058
Roof Adjustment(s)			(0.25)	(18,525)
Subfloor			(0.16)	(11,609)
Floor Cover			5.52	409,032
Breezeways	\$44.26	10,704	6.39	473,759
Balconies	\$44.40	4,666	2.80	207,175
Plumbing Fixtures	\$2,130	270	7.76	575,100
Rough-ins	\$790	180	1.92	142,200
Built-In Appliances	\$3,675	90	4.46	330,750
Exterior Stairs	\$5,200	20	1.40	104,000
Heating/Cooling			3.49	258,609
Storage Space	\$44.26	0	0.00	0
Carports	\$16.05	0	0.00	0
Garages		0	0.00	0
Common/Support Area	\$197.04	1,321	3.51	260,293
Elevators			0.00	0
Other:			0.00	0
Fire Sprinklers	\$3.65	86,125	4.24	314,356
SUBTOTAL			171.06	12,675,886
Current Cost Multiplier	1.00		0.00	0
Local Multiplier	1.00		0.00	0
Reserved				0
TOTAL BUILDING COSTS			171.06	\$12,675,886
Plans, specs, survey, bldg permits	3.30%		(5.65)	(\$418,304)
Contractor's OH & Profit	11.50%		(19.67)	(1,457,727)
NET BUILDING COSTS		\$119,998/unit	\$145.75/sf	\$10,799,855

Long-Term Pro Forma

Santa Fe Place (f/k/a Justice Place), Lubbock, 9% HTC #23178

	Growth Rate	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15	Year 20	Year 25	Year 30	Year 35	Year 40
EFFECTIVE GROSS INCOME	2.00%	\$969,518	\$988,909	\$1,008,687	\$1,028,861	\$1,049,438	\$1,158,664	\$1,279,259	\$1,412,405	\$1,559,410	\$1,721,714	\$1,900,911	\$2,098,760
TOTAL EXPENSES	3.00%	\$528,267	\$543,630	\$559,445	\$575,724	\$592,481	\$683,952	\$789,690	\$911,937	\$1,053,287	\$1,216,745	\$1,405,789	\$1,624,449
NET OPERATING INCOME ("NOI")		\$441,251	\$445,279	\$449,242	\$453,137	\$456,957	\$474,712	\$489,569	\$500,468	\$506,123	\$504,969	\$495,122	\$474,311
EXPENSE/INCOME RATIO		54.5%	55.0%	55.5%	56.0%	56.5%	59.0%	61.7%	64.6%	67.5%	70.7%	74.0%	77.4%
MUST -PAY DEBT SERVICE													
Legacy Bank & Trust		\$383,697	\$383,697	\$383,697	\$383,697	\$383,697	\$383,697	\$383,697	\$383,697	\$383,697	\$383,697	\$383,697	\$383,697
TOTAL DEBT SERVICE		\$383,697	\$383,697	\$383,697	\$383,697	\$383,697	\$383,697	\$383,697	\$383,697	\$383,697	\$383,697	\$383,697	\$383,697
DEBT COVERAGE RATIO		1.15	1.16	1.17	1.18	1.19	1.24	1.28	1.30	1.32	1.32	1.29	1.24
ANNUAL CASH FLOW													
		\$57,555	\$61,582	\$65,545	\$69,440	\$73,260	\$91,016	\$105,872	\$116,772	\$122,426	\$121,272	\$111,425	\$90,614
Deferred Developer Fee Balance		\$1,188,581	\$1,127,000	\$1,061,454	\$992,014	\$918,754	\$498,213	\$0	\$0	\$0	\$0	\$0	\$0
CUMULATIVE NET CASH FLOW		\$0	\$0	\$0	\$0	\$0	\$0	\$2,790	\$566,671	\$1,169,880	\$1,781,623	\$2,362,344	\$2,861,931

November 22, 2024

Cody,

We are submitting this amendment request regarding Santa Fe Place in Lubbock, application #23178. This request is being made to ensure financial feasibility, allowing our teams to move forward in developing much-needed affordable, multifamily housing in the City of Lubbock.

At the time of initial application, we applied for 110 total units, 98 of which were income-based, and 12 of which were market rate. Since the time of application, and considering the ever-changing economic climate, our initial design of Santa Fe Place is no longer financially viable or feasible for development.

After working with our design and construction teams over the last few months, we have determined that by **reducing all market rate units, and 8 LIHTC units**, we would be able to proceed with the financial closing and construction of this development.

By approving our unit count reduction request from 110 units to 90 units, TDHCA would be aiding in the development of 90 more homes for Lubbock families in need of safe, high-quality, affordable housing. Without this approval, we feel that financial viability, or lack thereof, would result in no affordable housing being built, versus the 90 units we are proposing. For the families and individuals in Lubbock who need these homes, we know that if allowed to proceed with our proposed plans, we would be fostering positive change in the lives of many.

Our proposed plans include 24 one-bedroom units, 48 two-bedroom units, and 18 three bedroom-units, all of which are income-restricted for those making 30%, 50%, and 60% of the area median income. Please see below for a chart summary of all design changes being made.

Unit Mix	30%			50%			60%			MR		
	P	O	D	P	O	D	P	O	D	P	O	D
1 Bedroom	3	2	1	4	6	-2	17	18	-1	0	4	-4
2 Bedroom	4	6	-2	9	10	-1	35	38	-3	0	4	-4
3 Bedroom	2	2	0	5	4	1	11	12	-1	0	4	-4

Unit Count	P	O	D
1 Bedroom	24	30	-6
2 Bedroom	48	58	-10
3 Bedroom	18	22	-4
Totals	90	110	-20

AMIs	P	O	D
30	9	10	-1
50	18	20	-2
60	63	68	-5
MR	0	12	-12
Totals	90	110	-20

Parking	P	O	D
	120	244	-124

Bldg info	P	O	D
Buildings	4	5	-1
Parking	120	244	-124
NRA	74,100	102,995	-28895
Common SF	12371	13,897	-1526
Total SF	86,471	116,892	-30421

P = Proposed
O = Original
D = Difference

Additionally, the proposed redesign would change the buildings' positioning on the site, though the site footprint itself will not be changing from application. Due to budgetary constraints, our plans no longer include a pool but maintain a clubhouse and other common spaces, with amenities selected to maintain and foster a sense of community; an aspect of our proposed redesign that will remain pivotal to this development as we move forward.

As a result of our proposed changes, we are assuming the financing changes as follows:

- The reduction to the unit count will result in a loss of EGI from \$1,110,511 to \$969,518.
- As a result of having less units and losing economies of scale, the projected operating expense per unit will increase from \$5,634 to \$5,870. Projected NOI has decreased from \$480,891 vs \$441,251.
- The estimated hard costs for the project have increased significantly since the application was submitted almost two years ago. Based upon the current 90 unit configuration, estimated building costs plus site work are \$154,021 per unit vs the original application estimate of \$132,497 per unit. However, in total, building costs plus site work will decrease from \$14,574,650 to \$13,861,904, which will help the project become financially feasible.
- Total development costs will also decrease from \$24,553,715 to \$23,016,730.
- There has been an increase to interest rates and a decrease in equity pricing since the original application was submitted. Currently, we are anticipating a \$5,145,338 perm loan at 7.00%, amortized over 40 years. A decrease from \$5,600,000 and 6.25% from the original app. Equity pricing has decreased from \$0.90 to \$0.86, resulting in a loss of equity in the amount of \$786,981 from the original application.

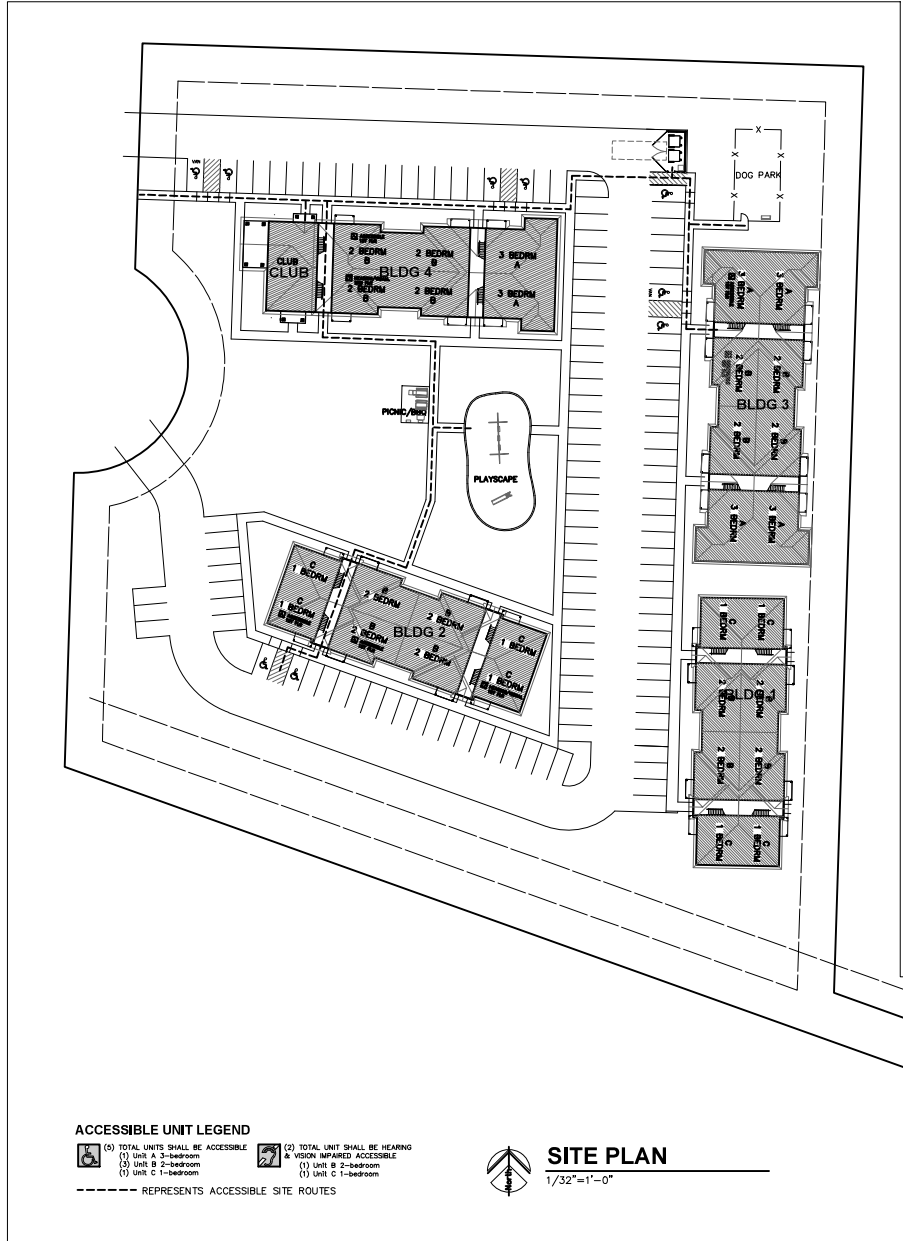
This development was submitted in March of 2023. We believe that the continued significant increases in construction costs and interest rates over the last year and a half could not have been anticipated at the time by the developer.

Please feel free to reach out to me directly with any comments or questions as you review.

Best,



Sarah Anderson
S. Anderson Consulting
512-554-4721



PROJECT UNIT SUMMARY

BUILDING LABEL	FLOORS	UNITS #			HTD SF	UN-HTD SF	TOTAL SF
		3BR	2BR	1BR			
CLUBHOUSE	1				1,321	346	1,667
1	3	0	12	12	17,400	2,676	20,076
2	3	0	12	12	17,400	2,676	20,076
3	3	12	12	0	22,800	2,676	25,476
4	3	6	12	0	16,500	2,676	19,176
TOTALS		18	48	24	75,421	11,050	86,471

ACCESSIBLE/HEARING SUMMARY

BUILDING LABEL	UNIT LABELS	TYPE	ACC	H.V.	NRA SF	TOTAL SF
						TOTAL SF
3	A	1			1,050	1,050
2,3,4	B	3	1	1	850	3,450
1,2,3	C	1	1	1	600	1,200
TOTALS		5	2	2	2,500	5,650

UNIT SUMMARY

UNIT LABEL	UNIT TYPE	ACCESSIBILITY	LOCATION BUILDING	NET SQUARE FOOTAGE	TOTAL NO. OF UNITS
A	3-BED, 2-BATH	ACCESSIBLE	3	1,050	1
A	3-BED, 2-BATH	STANDARD	3,4	1,050	17
B	2-BED, 2-BATH	ACCESSIBLE / HV	2,3,4	850	4
B	2-BED, 2-BATH	STANDARD	1,2,3,4	850	44
C	1-BED, 1-BATH	ACCESSIBLE / HV	2	600	2
C	1-BED, 1-BATH	STANDARD	2,3	600	22
TOTAL					90

LOT COVERAGE

SITE ACRES	SITE SF	BUILDING(S) TOTAL FOOTPRINT	LOT COVERAGE
4.563 ACRES	198,782 SF	29,939 SF	15.1%

ZONING NOTES

THIS SITE IS CURRENTLY ZONED HIGH DENSITY RESIDENTIAL (HDR) WITHIN THE CITY OF LUBBOCK TX. MULTI-FAMILY RESIDENTIAL AS DESIGNED MEETS THE INTENT OF THE ZONING CODE.

PARKING SUMMARY

ACCESSIBLE PARKING STALLS	9 (2 min)
STANDARD PARKING STALLS	111
TOTAL PARKING STALLS	120
PARKING RATIO (STALLS/UNITS)	1.33

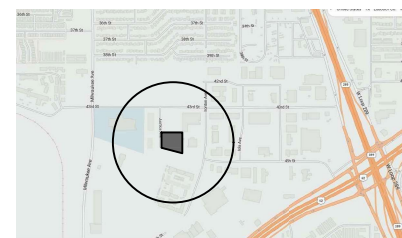
PARKING MEETS LUBBOCK LOCAL REQUIREMENTS.
 RES. APARTMENTS: 1st/1/bed du, 1.25stall/2bed du, 2stall/3bed du

FLOOD PLAN

THE HEREIN DESCRIBED PROPERTY DOES NOT LIE WITHIN THE SPECIAL FLOOD HAZARD AREAS INUNDATED BY 100 YEAR FLOOD AS DELINEATED ON THE FLOOD INSURANCE RATE MAP FOR THE CITY OF LUBBOCK, TEXAS.

STORM WATER RETENTION

THE PROPOSED PROJECT SITE HAS A VERY GENTLE SLOPE THAT DRAINS FROM WEST TO EAST. THE PROPOSED PROJECT SITE WILL ULTIMATELY DISCHARGE STORMWATER TO IRONTON AVE. IRONTON AVENUE AND THE DRAINAGE CHANNEL IRONTON AVE DISCHARGES INTO HAVE BEEN DESIGNED TO ACCOMMODATE RUNOFF FROM FULLY DEVELOPED UPSTREAM PROPERTIES. THEREFORE, NO ON-SITE RETENTION OR DETENTION WILL BE REQUIRED FOR THE PROPOSED PROJECT SITE.



VICINITY PLAN
 NOT TO SCALE



CHARLES PERRY
TEXAS STATE SENATOR
DISTRICT 28

December 19, 2024

Mr. Bobby Wilkinson, Executive Director
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, TX 78701

Via Email to: bobby.wilkinson@tdhca.texas.gov

RE: TDHCA Application #23178 (Santa Fe Place Apartments)

Dear Mr. Wilkinson:

As the state senator for Lubbock, I'd like to express my support for the Santa Fe Place apartments (TDHCA #23178) located in Lubbock. It is my understanding that the Development has requested a material amendment for the 9% low-income housing tax credits that were previously awarded by TDHCA. This amendment would reduce the total number of units, change the unit mix, and make architectural and design changes in order to make the development financially feasible. Without these changes, the development cannot proceed. I would rather there be 90 units of affordable housing in Lubbock than none.

I ask that the TDHCA Board of Directors approve this material amendment so that our residents who need affordable housing will have a new, safe place to live in west Lubbock.

Thank you for your time and consideration of this matter.

With sincere regards,

Senator Charles Perry
District 28



STATE OF TEXAS
HOUSE OF REPRESENTATIVES

CARL H. TEPPER

District 84

January 2, 2025

Mr. Bobby Wilkinson, Executive Director
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, TX 78701

Via Email to: bobby.wilkinson@tdhca.texas.gov

RE: TDHCA Application #23178 (Santa Fe Place Apartments)

Dear Mr. Wilkinson:

I would like to express my support for the proposed Santa Fe Place apartments (TDHCA #23178) that will be located in my district in west Lubbock.

I understand that the TDHCA Board is considering a material amendment for this development at its January 2025 board meeting. The proposed amendment would reduce the total number of units, change the unit mix, and make architectural and design changes in order to make the development financially feasible. The increased costs of construction materials, on top of high interest rates, have compelled the developers to make these changes.

There are so many teachers, nurses, and other hard-working people in Lubbock who need affordable housing. I ask that the TDHCA Board of Directors approve this material amendment so that our residents who need affordable housing will have a new, safe place to live in west Lubbock.

Thank you for your time and consideration of this matter.

Sincerely,

Texas House of Representatives
District 84

A handwritten signature in blue ink, appearing to read "CH Tepper", written over a white background.

Carl H. Tepper
State Representative



MARK W. MCBRAYER

Mayor

December 18, 2024

Mr. Bobby Wilkinson, Executive Director
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, TX 78701

Via Email to: bobby.wilkinson@tdhca.texas.gov

RE: TDHCA Application #23178 (Santa Fe Place Apartments)

Dear Mr. Wilkinson:

As the Mayor of Lubbock, I'd like to express my support for the Santa Fe Place apartments (TDHCA #23178) located in Lubbock. I understand that the TDHCA Board will be considering a material amendment for this development at its January 2025 board meeting. The amendment would reduce the total number of units, change the unit mix, and make architectural and design changes in order to make the development financially feasible. Without these changes, the development will not be able to move forward.

I would rather there be 90 units of affordable housing in Lubbock than none. There are so many teachers, nurses, and other hard-working people in Lubbock who need affordable housing.

I ask that the TDHCA Board of Directors approve this material amendment so that our residents who need affordable housing will have a new, safe place to live in west Lubbock.

Thank you for your time and consideration of this matter.

Sincerely,


Mayor Mark McBrayer



Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 906

Agenda Date: 1/16/2025

Agenda #: 20.

Presentation, discussion, and possible action on recommendation to adopt Final Orders of debarment for SRCJJC Lubbock Management LLC and associated responsible entities and individuals; THF Housing Development Corporation and associated responsible entities and individuals; The City of Lubbock Housing Initiatives and associated responsible entities and individuals, and to consider the timely filed appeals

RECOMMENDED ACTION

WHEREAS, Estrada South I f/k/a Park Meadows I (HTC 03140 / CMTS 3354) (Estrada South I) was subject to an HTC Land Use Restriction Agreement;

WHEREAS, Estrada North f/k/a Stone Hollow Village (HTC 04057 / CMTS 4112) (Estrada North) was subject to an HTC Land Use Restriction Agreement;

WHEREAS, Estrada South II f/k/a Park Meadows II (HTC 060058 / CMTS 4371) (Estrada South II) was subject to an HTC Land Use Restriction Agreement;

WHEREAS, the three developments were foreclosed on August 6, 2024, terminating TDHCA's HTC LURAs;

WHEREAS, SRCJJC Lubbock Management LLC, Chris Roberts, Peter Delfino, George Arau, Jennifer Joyce, THF Housing Development Corporation, Mark Mayfield, Susan Hamm, Griffith Morris, Johnny White, Nancy Jackson, Phil Woods, John Moman, and Dave Edwards either controlled Estrada South I, or had chosen to delegate their control authority, at the time of foreclosure;

WHEREAS, SRCJJC Lubbock Management LLC, Chris Roberts, Peter Delfino, George Arau, Jennifer Joyce, THF Housing Development Corporation, Mark Mayfield, Susan Hamm, Griffith Morris, and Johnny White, Nancy Jackson, Phil Woods, John Moman, and Dave Edwards either controlled Estrada North, or had chosen to delegate their control authority, at the time of foreclosure;

WHEREAS, SRCJJC Lubbock Management LLC, Chris Roberts, Peter Delfino, George Arau, Jennifer Joyce, The City of Lubbock Housing Initiatives, The Housing Authority of the City of Lubbock a/k/a the Lubbock Housing Authority, Mike Chapman, Toby Cecil, Ayda Chapa, Amanda Gray, Vecelia Mann, and Jerry Ramirez either controlled Estrada South II, or had chosen to delegate their control authority, at the time of foreclosure;

WHEREAS, Tex. Gov't Code §2306.0504(b) states that the Department may debar a person

from participation in a Department program on the basis of the person's past failure to comply with any condition imposed by the Department in the administration of its programs;

WHEREAS, 10 TAC §2.401 defines the violations that are eligible for debarment;

WHEREAS, controlling a multifamily Development that was foreclosed after April 1, 2021, where the foreclosure or deed in lieu of foreclosure terminates a subordinate TDHCA LURA is grounds for discretionary debarment under 10 TAC §2.401(a)(7);

WHEREAS, an informal conference was held on October 29, 2024, regarding the debarment referrals relating to the foreclosures of Estrada South I and Estrada North;

WHEREAS, on November 13, 2024, the TDHCA Executive Director issued a debarment determination notice recommending a one-year debarment term for THF Housing Development Corporation, Mark Mayfield, Susan Hamm, Griffith Morris, Johnny White, Nancy Jackson, Phil Woods, John Moman, and Dave Edwards, relating to the foreclosures of Estrada South I and Estrada North;

WHEREAS, an informal conference was held on November 21, 2024, regarding the debarment referrals relating to the foreclosure of Estrada South II;

WHEREAS, on December 11, 2024, the TDHCA Executive Director issued debarment determination notices recommending a ten-year debarment term for SRCJJC Lubbock Management LLC, Chris Roberts, Peter Delfino, George Arau, and Jennifer Joyce, and a one-year debarment term for The City of Lubbock Housing Initiatives, The Housing Authority of the City of Lubbock a/k/a the Lubbock Housing Authority, Mike Chapman, Toby Cecil, Ayda Chapa, Amanda Gray, Vecelia Mann, and Jerry Ramirez, relating to the foreclosure of Estrada South II;

WHEREAS, SRCJJC Lubbock Management LLC, Chris Roberts, Peter Delfino, George Arau, and Jennifer Joyce did not appeal their debarment determinations to the Board;

WHEREAS, THF Housing Development Corporation, Mark Mayfield, Susan Hamm, Griffith Morris, Johnny White, Nancy Jackson, Phil Woods, John Moman, Dave Edwards, The City of Lubbock Housing Initiatives, The Housing Authority of the City of Lubbock a/k/a the Lubbock Housing Authority, Mike Chapman, Toby Cecil, Ayda Chapa, Amanda Gray, Vecelia Mann, and Jerry Ramirez have appealed their debarment determinations to the Board;

WHEREAS, the appeals include evidence that supports removing the following board members from this debarment action because they are not board officers and did not have control as defined by the rule: Nancy Jackson, Phil Woods, John Moman, Dave Edwards, Amanda Gray, Vecelia Mann, and Jerry Ramirez;

WHEREAS, no further changes to the debarment determinations are recommended by staff based upon the appeals, and

WHEREAS, staff has based the above debarment term recommendations on the Department’s rules for debarment and an assessment of each and all of the material factors identified at 10 TAC §2.401(j) that are to be considered in determining a recommended period of debarment, applied specifically to the facts and circumstances present in this case.

NOW, therefore, it is hereby

RESOLVED, that three Orders, including: (1) a Final Order of Debarment for a term of ten years for SRCJJC Lubbock Management LLC, Chris Roberts, Peter Delfino, George Arau, and Jennifer Joyce; (2) a Final Order of Debarment for a term of one year for THF Housing Development Corporation, Mark Mayfield, Susan Hamm, Griffith Morris, and Johnny White; and (3) a Final Order of Debarment for a term of one year for The City of Lubbock Housing Initiatives, The Housing Authority of the City of Lubbock a/k/a the Lubbock Housing Authority, Mike Chapman, Toby Cecil, and Ayda Chapa; substantially in the form presented at this meeting, and authorizing any non-substantive technical corrections, are hereby adopted as the order of this Board.

BACKGROUND

PROPERTY AND FINANCING INFORMATION:

- 1. Estrada South I:** 2003 HTC award for new construction. 112 units in Lubbock, with 18 units at 40% AMI, 32 units at 50% AMI, and 50 units at 60% AMI, with the remainder at market rate. HTC LURA was signed in 2005. The 15-year federal Compliance Period ended on December 31, 2021. The Extended Use Period was set to terminate December 31, 2044. Owned by THF Housing Development Corporation as general partner and fee title owner, and SRCJJC Lubbock Management as limited partner.

- 2. Estrada North:** 2004 HTC award for new construction. 140 units in Lubbock, with 13 units at 30% AMI, 4 units at 40% AMI, 28 units at 50% AMI, and 67 units at 60% AMI, with the remainder at market rate. HTC LURA was signed in 2006. The 15-year federal Compliance Period ended on December 31, 2021. The Extended Use Period was set to terminate December 31, 2046. Owned by THF Housing Development Corporation as general partner and fee title owner, and SRCJJC Lubbock Management as limited partner.

- 3. Estrada South II:** 2006 HTC award for new construction. 120 units in Lubbock, with 32 units at 30% AMI, 34 units at 40% AMI, and 54 units at 50% AMI. HTC LURA signed in 2008. The 15-year federal Compliance Period ended on December 31, 2023. The Extended Use Period was set to terminate December 31, 2048. In addition to TDHCA’s restrictions, 32 of the units are also public housing units. Owned by The City of Lubbock Housing Initiatives, as general partner, and SRCJJC Lubbock Management as limited partner.

VIOLATIONS SUBJECT TO DEBARMENT:

1. Tex. Gov't. Code 2306.0504(b) states, "(b) The department may debar a person from participation in a department program on the basis of the person's past failure to comply with any condition imposed by the department in the administration of its programs."
2. 10 TAC §2.401(a)(7) states, "(a) The Department may debar a Responsible Party, a Consultant and/or a Vendor who has exhibited past failure to comply with any condition imposed by the Department in the administration of its programs. [...] (7) Controlling a multifamily Development that was foreclosed after April 1, 2021, where the foreclosure or deed in lieu of foreclosure terminates a subordinate TDHCA LURA;"

All three properties were foreclosed on August 6, 2024, terminating the TDHCA LURAs, except for the three-year safe harbor period for existing low-income tenants.

RESPONSIBLE PARTIES: At the time of foreclosures, the control structures were as follows:

1. **THF Responsible Parties:** THF Housing Development Corporation (THF) entered as the general partner and fee title landowner for Estrada South I and Estrada North on July 14, 2017. Mark Mayfield was THF's CEO and President, and its board members included Susan Hamm (Board Chair), Griffith Morris (Board Vice Chair), Johnny White (Board Secretary), Nancy Jackson, Phil Woods, John Moman, and Dave Edwards. Mr. Mayfield is now retired, but was in a position of control at the time of the salient events herein.
2. **Housing Authority Responsible Parties:** The City of Lubbock Housing Initiatives, a nonprofit instrumentality controlled by the Housing Authority of the City of Lubbock a/k/a the Lubbock Housing Authority (the Housing Authority), was the general partner and fee title landowner for Estrada South II. It was the original general partner for all three phases, but sold Estrada South I and Estrada North in 2017, only retaining Estrada South II. Mike Chapman is the housing authority's executive director, and its board members include Toby Cecil (Board Chair), Ayda Chapa (Board Vice Chair), Amanda Gray, Vecelia Mann, and Jerry Ramirez.
3. **SRCJC Responsible Parties:** SRCJC Lubbock Management, LLC (SRCJC) controlled the limited partner of the owning entities for all three properties. It had primary control per the limited partnership agreements with both general partners noted above. Managers for SRCJC are Chris Roberts, Peter Delfino, George Arau, and Jennifer Joyce.

DELEGATION OF AUTHORITY TO LIMITED PARTNER: In March 2019, an unrelated limited partner controlled by Alden Torch sold the limited partnership interests in all three properties to Lubbock Affordable Housing Group, LLC. The limited partnership interests were then sold to SRCJC Lubbock LLC in 2021.

1. **THF:** Claims it was unaware of these LP transfers, and that it was required to sign documents after the LP interests were sold. THF alleges that Mark Mayfield, its former CEO / President, unilaterally agreed to extensive control delegation to the limited

partner in an amended limited partnership agreement in 2019, over the objections of staff and legal counsel, and that the THF board was not aware. THF claims that it was then left powerless to make needed changes at the development as a result. THF alleges that SRCJC intentionally excluded THF from all decisions, and did not keep THF informed. During an informal conference on October 29, 2024, THF staff confirmed that Mark Mayfield had full authority to sign off on binding documents on behalf of the nonprofit, and did not require board approval to do so.

- 2. Housing Authority:** States that it signed an amended and restated limited partnership agreement in 2019, delegating its control authority to the limited partner, and that it has had essentially no involvement in the operation of Estrada II since that time, and it is only involved with providing the HUD subsidy for the 32 public housing units, and providing a property tax exemption due to its role as the general partner. However, Section 4.3(d) of its limited partnership agreement provided the Housing Authority the ability to exercise control authority in the event that the limited partner violated the purposes of the partnership. Section 4.4 of that agreement further stated that the general partner “shall not, by act or omission, permit the termination or disqualification [...] as a qualified low-income housing project under Section 42 of the Code.”

FORECLOSED LOANS:

- 1. Estrada South I and Estrada North:** \$5,042,052.00 deed of trust for Estrada South I and \$5,320,591.00 deed of trust for Estrada North, effective January 5, 2023, both signed by SRCJC, with joinder/consents signed by THF as ground lessor. THF alleges it was forced to sign the joinder. TDHCA does not have complete loan information, however, we did receive copies of the settlement statements, which show that the payoff for the prior lien for Estrada South I was \$3,776,452.28 and \$1,106,892.00 was intended for construction, and the payoff for the prior lien for Estrada North was \$4,119,768.29 and \$1,033,348.00 was intended for construction. The remaining balances were divided among closing costs and fees.
- 2. Estrada South II:** \$3,605,000.00 deed of trust, effective 7/25/2023, signed by SRCJC only. Maturity date 7/1/2024. Per the note, 11.49% interest, and interest-only payments.

FACTORS CONTRIBUTING TO FORECLOSURE:

- 1. Per THF:** THF representatives attended an informal conference on October 29, 2024, and stated that the reason for the foreclosure was because SRCJC barred THF from receiving financials, THF was unable to cure the defaults, and THF had no knowledge of the loan terms. THF further alleged that SRCJC contributed to the property’s failure when SRCJC: failed to maintain acceptable occupancy rates; failed to properly repair the apartments after casualty losses; failed to properly account for insurance proceeds from casualty losses; failed to properly account for refinance proceeds or utilize them for the purpose of making needed repairs required by TDHCA; failed to keep vacant apartments secured; hired management companies without THF’s consent or input;

failed to provide THF sufficient information to monitor progress at the apartments; changed the complex names without THF's knowledge (THF learned about it after the property was renamed in CMTS); listed the properties for sale in October 2022 without THF's knowledge (THF learned of the listing from third parties); refinanced the properties on January 4, 2024 without THF's knowledge input or consent (except a last minute notice and threat of litigation if estoppel certificates were not signed); failed to provide sufficient information for THF to materially participate in operation and management; failed to pay vendors and management agents, filed lawsuits against the apartments and THF. THF claims they were powerless to prevent the foreclosures due to overreaching delegation provisions in the 2019 partnership agreement.

2. **Per Housing Authority:** Housing Authority representatives attended an informal conference on November 21, 2024, but did not provide any information responsive to this section.
3. **Per SRCJJC:** SRCJJC includes four managing members: Chris Roberts, Peter Delfino, George Arau, and Jennifer Joyce. Mr. Roberts and Ms. Joyce attended informal conferences on October 29, 2024 for Estrada South I and Estrada North, and on November 21, 2024 for Estrada South II. They stated that Mr. Arau proposed the acquisition in 2022, and connected the various partners for SRCJJC. The February 2021 winter storm had caused significant damage to Estrada South I and Estrada North, which had a two-year casualty loss restoration period with TDHCA. SRCJJC anticipated receiving approximately \$3M in insurance proceeds to make necessary casualty loss repairs. Mr. Roberts and Ms. Joyce then alleged that associates of George Arau, including Mark Shapiro, had misappropriated funds invested by the partners, along with insurance proceeds of approximately \$2.7M relating to the freeze damage claim. Mr. Roberts and Ms. Joyce also claim that financial statements were withheld from them, and they had no knowledge of the misappropriation until the third quarter of 2023, when other (unnamed) partners at SRCJJC notified them that they were out of money and needed to sell the property immediately. Ms. Joyce states that she started to investigate at that time, including a property inspection when she discovered that funded repairs had not been performed at the site as intended. Mr. Roberts and Ms. Joyce further allege that SRCJJC's financials that were eventually disclosed had been manipulated by their partners.

ACTIONS TAKEN TO AVOID FORECLOSURE:

1. **Per THF:** States that it tried to get access to financials and the other matters outlined at Section V above, but alleges that SRCJJC refused to cooperate. THF then attempted to exit the partnership, but that requires permission of the SRCJJC, which was denied. THF filed a lawsuit against SRCJJC on August 9, 2023, alleging the matters outlined above, and claiming that SRCJJC was unjustly enriched by the refinance and casualty loss insurance proceeds, which THF alleges were not properly applied to property repairs. The lawsuit is ongoing.
2. **Per Housing Authority:** None. The Housing Authority chose not to perform any

monitoring activities for Estrada South II, and did not intervene when appropriate under its partnership agreement.

3. **Per SRCJJC:** Mr. Roberts and Ms. Joyce state that they demanded financial statements and investigated the alleged mismanagement. They further state that there is pending litigation and a pending FBI investigation, but no written materials were provided to substantiate those statements. Both stated that they invested significant personal funds into the development, but there was nothing they could do to prevent foreclosure due to the financial mismanagement, and that the lender cut off communications. They mentioned that \$8M was invested by SRCJJC between 2021 and 2024, but was unclear how much was part of the purchase price and how much was advanced for repairs and operating expenses. Mr. Arau and Mr. Delfino were not present during the informal conferences. There are no written submissions.

DEBARMENT IS DISCRETIONARY: Debarment is discretionary for this violation per the above referenced statute and rule.

FACTORS CONSIDERED TO DETERMINE RECOMMENDED DEBARMENT TERM: The TDHCA Executive Director issued multiple debarment determination notices, including (1) a ten-year debarment term for the SRCJJC Responsible Parties; (2) a one-year debarment term for the THF Responsible Parties; and (3) a one-year debarment term for the Housing Authority Responsible Parties. The THF Responsible Parties and Housing Authority Responsible Parties have appealed their debarment determinations (see Exhibits 2 and 3). There is no required minimum or maximum debarment term, and the Board may increase or decrease the recommended terms. Pursuant to 10 TAC §2.401(j), the recommended period of debarment was based upon the following material factors:

1. **Repeated occurrences:** There are no prior foreclosure occurrences for any of the Responsible Parties.
2. **Seriousness of underlying issues:** Foreclosure is among the most serious potential debarment violations because it removes affordable housing that was intended to benefit low-income Texans for many years to come. In this case, the Department lost 20 years of affordable housing for 212 collective units due to mismanagement by both THF and SRCJJC for Estrada South I and Estrada North. Both are also responsible for the mismanagement relating to the physical condition and delayed casualty loss restoration. For Estrada South II, the Department lost 24 years of affordable housing and 120 units due to mismanagement by both the Housing Authority and SRCJJC. There are also serious allegations relating to fraud and misappropriation by unknown third party, actions that both THF and SRCJJC agree impacted the physical conditions of Estrada South I and Estrada North due to delayed casualty loss restoration. One of the purposes of debarment is to give the Responsible Parties time to regroup and fix their internal policies and mechanisms to show that they can responsibly administer TDHCA properties and funding. Even a brief pause is vitally important to ensure that all eyes of the ownership of an affordable development are on its financial functioning to prevent

this absolute worst outcome for the foundational, statutory, public policy of this Department to create and preserve decent, safe, and affordable housing: the loss of affordable units through foreclosure.

- 3. Presence or absence of corrective action:** There is no way to correct a foreclosure after it occurs, but the Committee considered actions taken to prevent the foreclosure.

THF: Filed a lawsuit against SRCJJC in August 2023, attempting to recover funds and regain some control over the developments. That lawsuit remains ongoing.

SRCJJC: Mr. Roberts and Ms. Joyce stated that they demanded financial statements and investigated the mismanagement from their own partners. They further state that there is pending litigation and a pending FBI investigation, but did not provide supporting evidence to substantiate such claims. Mr. Roberts and Ms. Joyce also indicated that they tried to talk to some buyers prior to foreclosure, but those potential sales fell through.

Housing Authority: The Housing Authority had essentially no involvement in the operation of Estrada South II, except their 32 public housing units. It admits it was in the dark about all aspects of business operations. However, the Housing Authority is trying to negotiate with the lender-affiliate that purchased Estrada South II at foreclosure. The Housing Authority states that it has offered to become the general partner for the new owner, thereby restoring the property tax exemption, if the new owner agrees to reinstate the TDHCA HTC LURA. Unfortunately, representatives for the Housing Authority do not think the lender is interested.

4. Other material factors:

THF: THF was the fee title landowner for Estrada South I and Estrada North at the time of foreclosure. The Committee did not understand THF's arguments regarding being forced to sign limited partnership agreements and loan documents. It was unclear how they were forced to sign.

THF is a nonprofit organization and controls nearly fifty developments that are monitored by TDHCA. THF claims that it participated in these developments as part of its charitable purpose, and that it should not be subject to debarment since it was not in a position of control at the time of foreclosure. Indeed, THF delegated extensive control authority to its limited partners, signing a new limited partnership agreement in 2019, and then signing TDHCA Control Forms in 2023 to formalize the control structure from a TDHCA compliance monitoring perspective. However, the Control Form explicitly states that such delegation does not negate accountability with respect to debarment proceedings. THF's limited authority at the time of foreclosure is a direct and foreseeable consequence of its poor business decision to delegate its control authority. It would not be a reasonable result to reap the rewards and tax benefits of having a nonprofit in the general partner position while avoiding all potential responsibilities and consequences by voluntarily ceding control to another party and failing to adequately

vet its business partners. THF made a poor business decision in ceding control, and the result was misappropriation of funds by its partners, failure of the developments, and ultimately foreclosure. Delegating all meaningful control authority is inconsistent with its role as general partner. THF did attempt to regain some control by filing a lawsuit against SRCJJC in 2023.

SRCJJC: The developments were financially distressed due to water damage from the February 2021 winter storm, and subsequent mismanagement of funds. SRCJJC entered the partnerships in 2022, after the first winter storm occurred. Significant fraud allegations are noted above. While SRCJJC focused on financial mismanagement during its informal conferences, THF also alleged that SRCJJC failed to maintain acceptable occupancy rates, failed to properly repair the apartments after casualty losses, failed to keep vacant units secured, and hired a replacement property management company without prior affordable experience without THF's input, factors that all contributed to the financial difficulties that eventually culminated in foreclosure. It is unclear who is responsible for the alleged misappropriations since only Chris Roberts and Jennifer Joyce participated in the informal conferences. Both blamed unnamed affiliates of their partner, George Arau, but he did not attend the informal conferences. The fourth member of SRCJJC, Peter Delfino, also did not attend. SRCJJC's mismanagement of the three developments is a primary cause of the foreclosures.

Housing Authority: The Housing Authority and its nonprofit instrumentality do not control any other developments that are monitored by TDHCA. Like with THF above, the Housing Authority also delegated extensive control authority for Estrada South II to the limited partner in 2019. The Housing Authority's limited authority at the time of foreclosure is a direct and foreseeable consequence of its poor business decision to delegate that authority. Furthermore, the Housing Authority did not participate enough in business operations to even know whether there was an issue to trigger its authority under Section 4.3(d) of the partnership agreement. It was within their power to exercise that section of the agreement, and they chose not to do so. Delegating all meaningful control authority and not maintaining any level of oversight is inconsistent with its role as general partner. It would not be a reasonable result to reap the rewards and tax benefits of having a housing authority in the general partner position while avoiding all potential responsibilities and consequences by voluntarily ceding control to another party and failing to adequately vet its business partners. The Housing Authority made a poor business decision in ceding control, and the result was failure of the developments, and ultimately foreclosure. However, despite the foreclosure, thirty-two units at Estrada South II will remain affordable since they are public housing units. Additionally, the possibility of restoring the HTC LURA is a significant factor, and would mitigate the seriousness of the foreclosure if it came to fruition.

DEBARMENT APPEALS: SRCJJC did not appeal. Written appeals for THF and the Housing Authority are at Exhibits 2 and 3. The appeals by THF and the Housing Authority focus on control authority delegation, and the role that nonprofits and housing authorities play in the Housing Tax Credit Program. They argue that debarring the nonprofits / housing authorities

would disincentivize qualified nonprofits from joining post-15 to preserve a property, and that their involvement is needed for a property tax exemption to make the developments viable. They further argue that debarment would exacerbate preservation challenges for post-15 properties, and cause earlier foreclosures.

TDHCA staff reiterates that both organizations chose to abdicate their control authority, a significant factor that is relevant to this debarment decision. Indeed, THF provided an example in its appeal demonstrating how it had control authority for another distressed property in its portfolio, and it funded that development to avoid foreclosure when the limited partners refused to provide additional capital. It stated that it did not do the same for Estrada South I or Estrada North because it did not have control authority. But this is a circular dilemma of its own making, because THF only lacked control because it voluntarily chose to delegate control. TDHCA staff is uncertain how many other ownership structures are similarly adversely impacted.

The appeals included evidence that supports removing the following board members from this debarment action because they are not board officers and did not have control as defined by the rule: Amanda Gray, Vecelia Mann, and Jerry Ramirez for the Housing Authority, and Nancy Jackson, Phil Woods, John Moman, and Dave Edwards for THF. The recommendation below has been adjusted accordingly.

RECOMMENDATION: Accordingly, after consideration of all appropriate factors, including those set out in TEX. GOV'T CODE §2306.0504 and 10 TEX. ADMIN. CODE §2.401, the Enforcement Committee and Executive Director recommend the following:

1. A Final Order of Debarment for a term of ten years for SRCJJC Lubbock Management LLC and its managers, Chris Roberts, Peter Delfino, George Arau, and Jennifer Joyce;
2. A Final Order of Debarment for a term of one year for THF Housing Development Corporation, former chief executive officer Mark Mayfield, and officers for THF's Board of Directors, Susan Hamm, Griffith Morris, and Johnny White; and
3. A Final Order of Debarment for a term of one year for The City of Lubbock Housing Initiatives, the Housing Authority of the City of Lubbock a/k/a the Lubbock Housing Authority, executive director Mike Chapman, and officers for the Housing Authority's Board of Directors, Toby Cecil and Ayda Chapa, but with the possibility to remove the debarment if the Housing Authority, or an affiliate, joins the ownership structure of the new owner and reinstates the full term of the TDHCA HTC LURA.

Exhibits:

1. Rule Excerpts
2. Debarment Appeal for THF
3. Debarment Appeal for Housing Authority

Texas Administrative Code

TITLE 10	COMMUNITY DEVELOPMENT
PART 1	TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
CHAPTER 2	ENFORCEMENT
SUBCHAPTER A	GENERAL
RULE §2.102	Definitions

The words and terms, when used in this chapter, shall have the following meanings, unless the context clearly indicates otherwise. Capitalized words used herein have the meaning assigned in the specific chapters of this title that govern the program associated with the request, in Chapter 1 of this title (relating to Administration), or assigned by federal or state law.

(1) **Actively Monitored Development**--A Development that within the last three years has been monitored by the Department, either through a Uniform Physical Condition Standards (UPCS) inspection, a National Standards for the Physical Inspection of Real Estate (NSPIRE) inspection, an onsite or desk file monitoring review, an Affirmative Marketing Plan review, or a Written Policies and Procedures Review. UPCS and NSPIRE inspections include inspections completed by Department staff, Department contractors and inspectors from the Real Estate Assessment Center through federal alignment efforts.

(2) **Consultant**--A Person who provides services or advice for a fee in a capacity other than as an employee and does not have Control.

(3) **Control (including the terms Controlled and Controlling)**--"Control" is defined in §11.1 of this title (relating to General) or as identified in the specific Program rule.

(4) **Debarment**--A prohibition from future participation in some or all Programs administered by the Department. Except as otherwise stated in the Order, Debarment does not impact existing or ongoing participation in Department Programs, prior to the date of the Debarment, nor does it affect any continuing responsibilities or duties thereunder.

(5) **Enforcement Committee (Committee)**--A Committee of employees of the Department appointed by the Executive Director. The Committee may be composed of any member of any Department division, but members from the referring division may not be present during deliberations. The Legal Division will designate person(s) to attend meetings and advise the Committee. A Legal Division designee will serve as Secretary to the Committee.

(6) **Event of Noncompliance (including the alternate term Finding of Noncompliance)**--Any event for which a Person may be found to be in noncompliance with Texas Government Code Chapters 2105 or 2306, any rule adopted thereunder, any Program Agreement requirement, or federal program requirements.

(7) **Legal Requirements**--All requirements, as it relates to the particular Department Program, of state, federal, or local statutes, rules, regulations, ordinances, orders, court opinions, official interpretations, policy issuances, OMB Circulars, representations to secure awards, or any similar memorialization of requirement, including contract requirements.

(8) **Monitoring Event**--An onsite or desk monitoring review, a UPCS inspection, a NSPIRE inspection, the submission of the Annual Owner's Compliance Report, Final Construction Inspection, a Written Policies and Procedures Review, or any other instance when the Department's Compliance Division or other reviewing area provides written notice to an Owner or Contact Person requesting a response by a certain date. This would

include, but not be limited to, responding to a tenant complaint.

(9) Person--A legal entity including, without limitation, any natural person, corporation, partnership, limited partnership, joint venture, limited liability corporation, trust, estate, association, cooperative, government, political subdivision, agency or instrumentality or other organization or entity of any nature whatsoever, and shall include any group of Persons acting in concert toward a common goal, including individual members of the group.

(10) Program--Includes any activity performed by a Subrecipient, Administrator, Contractor, Development Owner, or other Person under a Program Agreement or activities performed by a third party under a Program Agreement, including but not limited to a Subgrantee or Subcontractor.

(11) Program Agreements include:

(A) agreements between the Department and a Person setting forth Legal Requirements; and

(B) agreements between a Person subject to a Program Agreement and a third party to carry out one or more Legal Requirements.

(12) Responsible Party--Any Person subject to a Program Agreement.

(13) Vendor--A person who is procured by a subrecipient to provide goods or services in any way relating to a Department program or activity.

Source Note: The provisions of this §2.102 adopted to be effective April 1, 2021, 46 TexReg 1992; amended to be effective March 28, 2024, 49 TexReg 1891

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CHAPTER 11

QUALIFIED ALLOCATION PLAN (QAP)

SUBCHAPTER A

PRE-APPLICATION, DEFINITIONS, THRESHOLD REQUIREMENTS AND COMPETITIVE SCORING

RULE §11.1

General

(29) Control (including the terms "Controlling," "Controlled by," and "under common Control with")--The power, ability, or authority, acting alone or in concert with others, directly or indirectly, to manage, direct, superintend, restrict, regulate, govern, administer, or oversee. As used herein "acting in concert" involves more than merely serving as a single member of a multi-member body. A member of a multi-member body is not acting in concert and therefore does not exercise control in that role, but may have other roles, such as executive officer positions, which involve actual or apparent authority to exercise control. Controlling entities of a partnership include the general partners, may include special limited partners when applicable, but not investor limited partners or special limited partners who do not possess other factors or attributes that give them Control. Persons with Control of a Development must be identified in the Application. Controlling individuals and entities are set forth in subparagraphs (A) - (E) of this paragraph. Multiple Persons may be deemed to have Control simultaneously.

(A) For for-profit corporations, any officer authorized by the board of directors, regardless of title, to act on behalf of the corporation, including, but not limited to, the president, vice president, secretary, treasurer, and all other executive officers, and each stock holder having a 50% or more interest in the corporation, and any individual who has Control with respect to such stockholder.

(B) For nonprofit corporations or governmental instrumentalities (such as housing authorities), any officer authorized by the board, regardless of title, to act on behalf of the corporation, including, but not limited to, the president, vice president, secretary, treasurer, and all other executive officers, the Audit committee chair, the Board chair, and anyone identified as the executive director or equivalent.

(C) For trusts, all beneficiaries that have the legal ability to Control the trust who are not just financial beneficiaries.

(D) For limited liability companies, all managers, managing members, members having a 50% or more interest in the limited liability company, any individual Controlling such members, or any officer authorized to act on behalf of the limited liability company.

(E) For partnerships, Principals include all General Partners, and Principals with ownership interest and special limited partners with ownership interest who also possess factors or attributes that give them Control.

Sec. 2306.0504. DEBARMENT FROM PROGRAM PARTICIPATION. (a) The department shall develop, and the board by rule shall adopt, a policy providing for the debarment of a person from participation in programs administered by the department.

(b) The department may debar a person from participation in a department program on the basis of the person's past failure to comply with any condition imposed by the department in the administration of its programs.

(c) The department shall debar a person from participation in a department program if the person:

(1) materially or repeatedly violates any condition imposed by the department in connection with the administration of a department program, including a material or repeated violation of a land use restriction agreement regarding a development supported with a housing tax credit allocation; or

(2) is debarred from participation in federal housing programs by the United States Department of Housing and Urban Development.

(d) A person debarred by the department from participation in a department program may appeal the person's debarment to the board.

Added by Acts 2001, 77th Leg., ch. 1367, Sec. 8.01, eff. Sept. 1, 2001. Transferred, redesignated and amended from Government Code, Section 2306.6721 by Acts 2013, 83rd Leg., R.S., Ch. 556 (S.B. 659), Sec. 1, eff. September 1, 2013.

Transferred, redesignated and amended from Government Code, Section 2306.6721 by Acts 2013, 83rd Leg., R.S., Ch. 1079 (H.B. 3361), Sec. 1.07, eff. September 1, 2013.

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SUBCHAPTER D

DEBARMENT FROM PARTICIPATION IN PROGRAMS ADMINISTERED BY THE DEPARTMENT

RULE §2.401

General

(a) The Department may debar a Responsible Party, a Consultant and/or a Vendor who has exhibited past failure to comply with any condition imposed by the Department in the administration of its programs. A Responsible Party, Consultant or Vendor may be referred to the Committee for Debarment for any of the following:

(1) Refusing to provide an acceptable plan to implement and adhere to procedures to ensure compliant operation of the program after being placed on Modified Cost Reimbursement;

(2) Refusing to repay disallowed costs;

(3) Refusing to enter into a plan to repay disallowed costs or egregious violations of an agreed repayment plan;

(4) Meeting any of the ineligibility criteria referenced in §11.202 of this title (relating to Ineligible Applicants and Applications) or other ineligibility criteria outlined in a Program Rule, with the exception of: ineligibility related to conflicts of interest disclosed to the Department for review, and ineligibility identified in a previous participation review in conjunction with an application for funds or resources (unless otherwise eligible for Debarment under this Subchapter D);

(5) Providing fraudulent information, knowingly falsified documentation, or other intentional or negligent material misrepresentation or omission with regard to any documentation, certification or other representation made to the Department;

(6) Failing to correct Events of Noncompliance as required by an order that became effective after April 1, 2021, and/or failing to pay an administrative penalty as required by such order, within six months of a demand being issued by the Department. In this circumstance, if the Debarment process is initiated but the Responsible Party fully corrects the findings of noncompliance to the satisfaction of the referring division and pays the administrative penalty as required by the order before the Debarment is finalized by the Board, the Debarment recommendation may be cancelled or withdrawn by Committee recommendation and Executive Director concurrence. This type of referral would be initiated by the Secretary;

(7) Controlling a multifamily Development that was foreclosed after April 1, 2021, where the foreclosure or deed in lieu of foreclosure terminates a subordinate TDHCA LURA;

(8) Controlling a multifamily Development and allowing a change in ownership after April 1, 2021, without Department approval;

(9) Transferring a Development, after April 1, 2021, without regard for a Right of First Refusal requirement;

(10) Being involuntary removed, or replaced due to a default by the General Partner under the Limited Partnership Agreement, after April 1, 2021;

(11) Controlling a multifamily Development and failing to correct Events of Noncompliance before the expiration of a Land Use Restriction Agreement, after the effective date of this rule;

(12) Refusing to comply with conditions approved by the Board that were recommended by the Executive Award Review Advisory Committee after April 1, 2021;

(13) Having any Event of Noncompliance that occurs after April 1, 2021, that causes the Department to be required to repay federal funds to any federal agency including, but not limited to the U.S. Department of Housing and Urban Development; and/or

(14) Submitting a written certification that non-compliance has been corrected when it is determined that the Event of Noncompliance was not corrected. For certain Events of Noncompliance, in lieu of documentation, the Compliance Division accepts a written certification that noncompliance has been corrected. If it is determined that the Event of Noncompliance was not corrected, a Person who signed the certification may be recommended for debarment;

(15) Refusing to provide an amenity required by the LURA after April 1, 2021;

(16) Failing to reserve units for Section 811 PRA participants after April 1, 2021;

(17) Failing to notify the Department of the availability of 811 PRA units after April 1, 2021;

(18) Taking "choice limiting" actions prior to receiving HUD environmental clearance (24 CFR §58.22);

(19) Substandard construction, as defined by the Program, and repeated failure to conduct required inspections;

(20) Repeated failure to provide eligible match. 24 CFR §92.220, 24 CFR §576.201, and as required by NOFA;

(21) Repeated failure to report program income. 24 CFR §200.80, 24 CFR §570.500, 24 CFR §576.407(c), 24 CFR §92.503, (as applicable), and 10 TAC §20.9, or as defined by Program Rule;

(22) Participating in activities leading to or giving the appearance of "Conflict of Interest". As applicable, in 2 CFR Part 215 2 CFR Part 200. 24 CFR §93.353, §92.356 24 CFR, §570.489, 24 CFR §576.404, 10 TAC §20.9, or as defined by Program Rule;

(23) Repeated material financial system deficiencies. As applicable, 2 CFR Part 200, 24 CFR §§, 92.205, 92.206, 92.350, 92.505, and 92.508, 2 CFR Part 215, 2 CFR Part 225 (if applicable), 2 CFR Part 230 (, 10 TAC §20.9, Uniform Grant Management Standards, and Texas Grant Management Standards (as applicable), and as defined by Program Rule.

(24) Repeated violations of Single Audit or other programmatic audit requirements;

(25) Failure to remain a CHDO for Department committed HOME funds;

(26) Commingling of funds, Misapplication of funds;

(27) Refusing to submit a required Audit Certification Form, Single Audit, or other programmatic audit;

(28) Refusing to timely respond to reports/provide required correspondence;

(29) Failure to timely expend funds; and

(30) A Monitoring Event determines that 50% or more of the client or household files reviewed do not contain required documentation to support income eligibility or indicate that the client or household is not income eligible.

(b) The Department shall debar any Responsible Party, Consultant, or Vendor who is debarred from participation in any program administered by the United States Government.

(c) Debarment for violations of the Department's Multifamily Programs. The Department shall debar any Responsible Party who has materially or repeatedly violated any condition imposed by the Department in connection with the administration of a Department program, including but not limited to a material or repeated violation of a land use restriction agreement (LURA) or Contract. Subsection (d) of this section provides the criteria the Department will use to determine if there has been a material violation of a LURA. Subsections (e) (1) and (e)(2) of this section provide the criteria the Department shall use to determine if there have been repeated violations of a LURA.

(d) Material violations of a LURA. A Responsible Party will be considered to have materially violated a LURA, Program Agreement, or condition imposed by the Department and shall be referred to the committee for mandatory Debarment if they:

(1) Control a Development that has, on more than one occasion scored 50 or less on a UPCS inspection or has, on more than one occasion scored 50 or less on a NSPIRE inspection, or any combination thereof. The Compliance Division may temporarily decrease this NSPIRE score threshold with approval by the Executive Director, for a period of time not longer than one year, so long as the score threshold is applied evenly to all properties;

(2) Refuse to allow a monitoring visit when proper notice was provided or failed to notify residents, resulting in inspection cancellation, or otherwise fails to make units and records available;

(3) Refuse to reduce rents to less than the highest allowed under the LURA;

(4) Refuse to correct a UPCS, NSPIRE, or final construction inspection deficiency after the effective date of this rule;

(5) Fail to meet minimum set aside by the end of the first year of the credit period (HTC Developments only) after April 1, 2021; or

(6) Excluding an individual or family from admission to the Development solely because the household participates in the HOME Tenant Based Rental Assistance Program, the housing choice voucher program under Section 8, United States Housing Act of 1937 (42 U.S.C. §1-437), or other federal, state, or local government rental assistance program after April 1, 2021.

(e) Repeated Violations of a LURA that shall be referred to the Committee for Debarment.

(1) A Responsible Party shall be referred to the Committee for mandatory Debarment if they Control a Development that, during two Monitoring Events in a row is found to be out of compliance with the following Events of Noncompliance:

(A) No evidence of, or failure to certify to, material participation of a non-profit or HUB, if required by the Land Use Restriction Agreement;

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RULE §2.401

General

(B) Any Uniform Physical Condition Standards Violations that result in a score of 70 or below in sequential UPCS inspections after April 1, 2021 or NSPIRE violations that result in a score of 50 or below in sequential inspections after the effective date of this rule, or any combination thereof. The Compliance Division may temporally decrease this NSPIRE score threshold with approval by the Executive Director, for a period not to exceed one year, so long as the score threshold is applied evenly to all properties;

(C) Refuse to submit all or parts of the Annual Owner's Compliance Report for two consecutive years after April 1, 2021; or

(D) Gross rents exceed the highest rent allowed under the LURA or other deed restriction.

(2) Repeated violations in a portfolio. Persons who control five or more Actively Monitored Developments will be considered for Debarment based on repeated violations in a portfolio. A Person shall be referred to be committee if an inspection or referral, after April 1, 2021, indicates the following:

(A) 50% or more of the Actively Monitored Developments in the portfolio have been referred to the Enforcement Committee within the last three years. The Enforcement Committee may increase this threshold at its discretion. For example, if three properties in a five-property portfolio are monitored in the same month, and then referred to the Enforcement Committee at the same time, it may be appropriate to increase the 50% threshold; or,

(B) 50% or more of the Actively Monitored Developments in the portfolio score a 70 or less during a Uniform Physical Conditions Standards inspection or score 50 or less during a NSPIRE inspection, or any combination thereof. The Compliance Division may decrease this NSPIRE score threshold with approval by the Executive Director, for a period not to exceed one year, so long as the score threshold is applied evenly to all properties.

(f) Debarment for violations of Department Programs, with the exception of the Non-Discretionary funds in the Community Services Block Grant program. Material or repeated violations of conditions imposed in connection with the administration of Programs administered by the Department. Administrators, Subrecipients, Responsible Parties, contractors, multifamily owners, and related parties shall be referred to the Committee for consideration for Debarment for violations including but not limited to:

(1) 50% or more loan defaults in the first 12 months of the loan agreement after April 1, 2021;

(2) The following Davis Bacon Act Violations:

(A) Refusing to pay restitution (underpayment of wages). 29 CFR §5.31.

(B) Refusing to pay liquidated damages (overtime violations). 29 CFR §5.8.

(C) Repeated failure to pay full prevailing wage, including fringe benefits, for all hours worked. 29 CFR §5.31.

(3) The following violations of the Uniform Relocation Act and requirements of §104(d):

(A) Repeated failure to provide the General Information Notice to tenants prior to application. 49 CFR §24.203, 24 CFR §92.353, 24 CFR §93.352 and HUD Handbook 1378.

(B) Repeated failure to provide all required information in the General Information Notice. 49 CFR §24.203, 24 CFR §570.606, 24 CFR §92.353, 24 CFR §93.352, or HUD Handbook 1378.

(C) Repeated failure to provide the Notice of Eligibility and/or Notice of Non-displacement on or before the Initiation of Negotiations date. 49 CFR §24.203, 24 CFR §92.353, 24 CFR §93.352, or 24 CFR §570.606.

(D) Repeated failure to provide all required information in the Notice of Eligibility and/or Notice of Non-displacement. 49 CFR §24.203, 24 CFR §92.353, 24 CFR §93.352, or 24 CFR §570.606.

(E) Repeated failure to provide 90 Day Notices to all "displaced" tenants and/or repeated failure to provide 30 Day Notices to all "non-displaced" tenants. 49 CFR §24.203, 24 CFR §92.353, 24 CFR §93.352, or 24 CFR §570.606.

(F) Repeated failure to perform and document "decent, safe and sanitary" inspections of replacement housing. 49 CFR §24.203, 24 CFR §92.353, 24 CFR §93.352, or 24 CFR §570.606.

(G) Refusing to properly provide Uniform Relocation Act or §104(d) assistance. 49 CFR §24.203, 24 CFR §92.353, 24 CFR §570.606 and §104(d) of the Housing & Community Development Act of 1974 - 24 CFR Part 42.

(4) Refusing to reimburse excess cash on hand;

(5) Using Department funds to demolish a homeowner's dwelling and then refusing to rebuild;

(6) Drawing down Department funds for an eligible use and then refusing to pay a properly submitted request for payment to a subgrantee or vendor with the drawn down funds.

(g) The referring division shall provide the Responsible Party with written notice of the referral to the Committee, setting forth the facts and circumstances that justify the referral for Debarment consideration.

(h) The Secretary shall then offer the Responsible Party the opportunity to attend an Informal Conference with the Committee to discuss resolution of the. In the event that the Debarment referral was the result of a violated agreed order or a determination that 50% or more of the Actively Monitored Developments in their portfolio have been referred to the Enforcement Committee, the above written notice of the referral to the Committee and the informal conference notice shall be combined into a single notice issued by the Secretary.

(i) A Debarment Informal Conference may result in the following, which shall be reported to the Executive Director:

(1) A determination that the Department did not have sufficient information and/or that the Responsible Party does not meet any of the criteria for Debarment;

(2) An agreed Debarment, with a proposed agreed order to be prepared and presented to the Board for approval;

(3) A recommendation by the Committee to the Executive Director for Debarment;

(4) A request for further information, to be considered during a future meeting; or,

(5) If Debarment is not mandatory, an agreement to dismiss the matter with no further action, an agreement to

dismiss the matter with corrective action being taken, or any other action as the Committee deems appropriate, which will then be reported to the Executive Director.

(j) The Committee's recommendation to the Executive Director regarding Debarment shall include a recommended period of Debarment. Recommended periods of Debarment will be based on material factors such as repeated occurrences, seriousness of underlying issues, presence or absence of corrective action taken or planned, including corrective action to install new responsible persons and ensure they are qualified and properly trained. Recommended periods of Debarment if based upon HUD Debarment, shall be for the period of the remaining HUD Debarment; or, if based upon criminal conviction, shall be up to ten (10) years or until fulfillment of all conditions of incarceration and/or probation, whichever is greater.

(k) The Executive Director shall accept, reject, or modify the Debarment recommendation by the Committee and shall provide written notice to the Responsible Party of the determination, and an explanation of the determination if different than the Committee's recommendation, including the period of Debarment, if any. The Responsible Party may appeal the Debarment determination in writing to the Board as described in §1.7 of this title (relating to Appeals Process).

(l) The Debarment recommendation will be brought to the next Board meeting for which the matter can be properly posted. The Board reserves discretion to impose longer or shorter Debarment periods than those recommended by staff based on its finding that such longer or shorter periods are appropriate when considering all factors and/or for the purposes of equity or other good cause. An action on a proposed Debarment of an Eligible Entity under the CSBG Act will not become final until and unless proceedings to terminate Eligible Entity status have occurred, resulting in such termination and all rights of appeal or review have run or Eligible Entity status has been voluntarily relinquished.

(m) Until the Responsible Party's Debarment referral is fully resolved, the Responsible Party may not participate in new Department financing and assistance opportunities.

(n) Any person who has been debarred is prohibited from participation as set forth in the final order of Debarment for the term of their Debarment. Unless specifically stated in the order of Debarment, Debarment does not relieve a Responsible Party from its current obligations, or prohibit it from continuing its participation in any existing engagements funded through the Department, nor limit its responsibilities and duties thereunder. The Board will not consider modifying the terms of the Debarment after the issuance of a final order of Debarment.

(o) If an Eligible Entity under the CSBG Act meets any of the criteria for Debarment in this rule, the Department may recommend the Eligible Entity for Debarment. However, that referral or recommendation shall not proceed until the termination of the Eligible Entity's status under the CSBG Act has concluded, and no right of appeal or review remains.

(p) All correspondence under this rule shall be delivered electronically.

Source Note: The provisions of this §2.401 adopted to be effective November 19, 2014, 39 TexReg 8976; amended to be effective April 1, 2021, 46 TexReg 1992; amended to be effective March 28, 2024, 49 TexReg 1891

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November 20, 2024

Via Electronic Mail

TDHCA Governing Board
Attention: Ysella Kaseman
221 East 11th Street
Austin, Texas 78701

RE: Appeal of Recommendation for Debarment
Developments: Estrada South I, f/k/a Park Meadows I
Estrada North, f/k/a Stone Hollow Village
TDHCA Nos. 03140 and 04057

Greetings:

Our Firm has been engaged to represent the following parties to appeal a recommendation for debarment:

- THF Housing Development Corporation ("**Non-Profit**")
- Mark Mayfield, Former Executive Director of Non-Profit
- Susan Hamm, Griffith Morris, Johnny White, Nancy Jackson, Phil Woods, John Moman, and Dave Edwards, Board Members of Non-Profit (the "**Non-Profit Board**")

For the reasons described below, the circumstances surrounding the foreclosure on the Developments do not merit a recommendation for debarment for these parties.

Background Information – The Developments

Each of the Developments was originally constructed using 9% Housing Tax Credits, with a for-profit developer and the Lubbock Housing Authority (the “**Housing Authority**”) as general partner. Equity financing was provided by The Related Companies, which subsequently sold its portfolio to Alden Torch. As the Developments reached the end of their 15-year Compliance Periods, the Housing Authority was no longer in a position to serve in the general partner capacity. To ensure the stability of the Developments, as they were relying upon the property tax exemption generated by the Housing Authority and underwritten by the lenders, Alden Torch reached out to the Texas Housing Foundation (“**THF**”), another housing authority, to enter the transaction. THF agreed to do so, inserting Non-Profit into the general partner position in October 2017. In 2019, with the Compliance Periods ended, Alden Torch sought to sell its limited partner interests. As is typical with Housing Tax Credit investors, the partnership agreements gave Alden Torch the right to assign their interests without consent from the general partner. The interests were sold to a third party (the “**First LP Buyer**”) that contractually assumed all control of the Development Owners and developed an acrimonious relationship with THF. Subsequent to this acquisition the Developments experienced significant storm damage and difficulty with receiving insurance proceeds, exacerbating the disharmony between the parties and putting the properties in distress. After a few years, the First LP Buyer decided to sell the limited partner interest to another third party (the “**Second LP Buyer**”) in 2022. As shown in the materials presented to the Enforcement Committee, the Second LP Buyer also had complete contractual control of the Development Owners and failed to address the distressed conditions on the two Developments. THF, Non-Profit, and Mr. Mayfield undertook every possible legal strategy, including litigation against the Second LP Buyer, to try to force the Second LP Buyer to perform its obligations or, alternatively, to extract themselves from the situation. Their efforts were unsuccessful, and the Developments were ultimately foreclosed upon in August 2024.

Background Information – Non-Profit

As noted above, THF is a housing authority, organized under Chapter 392 of the Texas Local Government Code in 2005. A housing authority “is a unit of government and the functions of a housing authority are essential governmental functions and not proprietary functions.” (Texas Loc. Gov’t Code § 392.006) THF, through its affiliates, owns a portfolio of 41 properties across the State, with more than 5,000 units serving low-income residents. Indeed, THF is a highly sought-after partner for developers and investors producing and preserving affordable housing. Aside from owning housing properties, THF provides valuable community service. For example, earlier this year, it partnered with State Representative King to support those affected by Texas wildfires. See **Attachment A**. THF also finances and runs a one-stop social service outreach center serving Blanco, Burnet, Llano, and Williamson counties with participating non-profit and state agencies all housed under one roof.

THF operates through its instrumentality, the Non-Profit, for purposes of owning these properties. THF and Non-Profit are operated by an employed staff and a volunteer board. It should be noted that none of the volunteer board members meets the qualifications of a “Controlling” party under the Department’s rules. 10 TAC § 2.401(a)(7) states that a Responsible Party may be debarred only if it Controls a Development that has been foreclosed upon. For a non-profit corporation, the definition of Control requires an individual to be an officer of the organization, authorized to sign on its behalf. None of the Non-Profit Board members are authorized to sign on behalf of Non-Profit, other than the authority of Susan Hamm, the Chair, to sign board resolutions. The Non-Profit Board members do not sign transactional or operational documents. The Executive Director is authorized to sign transactional and operational documents on behalf of Non-Profit. In accordance with the Rules, we respectfully request the non-Controlling Non-Profit Board members be removed from the debarment consideration. If you require additional information to address this Control issue, Non-Profit’s General Counsel can provide organizational documents as needed.

Debarment Rules

The Department’s rules provide that certain violations “may” lead to a recommendation of debarment, while other violations “shall” be cause for debarment. Violations where a recommendation for debarment is mandatory are those where the Responsible Party has “materially or repeatedly violated” a Department requirement. The foreclosure of the Development is not a violation for which debarment is required; it is discretionary. 10 TAC § 2.401(i)(5) states:

If Debarment is not mandatory, [the Informal Conference may result in] an agreement to dismiss the matter with no further action, an agreement to dismiss the matter with corrective action being taken, or any other action as the Committee deems appropriate.

Further, the recommendation with regard to Debarment:

. . . will be based on material factors such as repeated occurrences, seriousness or underlying issues, presence or absence of corrective action taken or planned, including corrective action to install new responsible persons and ensure they are qualified and properly trained.

Non-Profit acknowledges that the foreclosure of the Development, resulting in the loss of affordability restrictions, is not in line with its mission to create and preserve affordable housing. However, there is no evidence that Non-Profit caused, controlled, or otherwise participated in the factors that led to foreclosure. Indeed, Non-Profit took every step it legally could and incurred thousands of dollars in expenses to ensure the Developments’ compliance with TDHCA requirements. Given the size of Non-Profit’s portfolio, and the fact that this is the first foreclosure

of a Development in which Non-Profit has an indirect ownership interest, it is obvious that Non-Profit is not a habitual offender. Non-Profit stepped in, upon request, to support THF in helping a fellow housing authority and perform THF's public purpose. It maintained the property tax exemption for the Developments to ensure they would remain financially viable.

Debarment of a Non-Profit Organization Affiliated with a Public Housing Authority Would be Detrimental to the Production and Preservation of Affordable Housing in the State of Texas

Housing authorities participate in the Housing Tax Credit Program to expand their portfolios and fulfill their public purpose. Non-Profit has been doing that for THF for many years. Many of these properties are in rural areas where resources are otherwise limited. In this case, Non-Profit and Mr. Mayfield stepped in to help when the Housing Authority was unable to continue its participation with these two Developments. Had Non-Profit and Mr. Mayfield refused to do so, the Developments likely would have been foreclosed upon 7 years ago. TDHCA cannot and should not punish Non-Profit or Mr. Mayfield for attempting to help preserve properties that needed assistance. Debarring an instrumentality of a governmental agency and the individuals associated with it would be a tremendous disservice to the industry, discouraging public agencies and non-profit organizations alike from taking on the "challenging" properties that need special attention. Further, as demonstrated in the materials presented to the Enforcement Committee, this is a scenario where Non-Profit did not have significant control over the Developments from the very beginning. Investors providing equity capital for housing properties, whether they be Housing Tax Credit investors in the Compliance Period or capital partners for the Extended Use Period, often demand and receive a certain level of control over a partnership, to protect their investment capital. Non-Profit found itself in this position, unable to fully control the Developments or the decisions by its partners, but trying to preserve the housing nevertheless.

By way of comparison, in the Oasis Cove property in Canadian, Texas, Non-Profit has Control over the partnership and was able to fund \$927,946.83 to avoid foreclosure, when the limited partners refused to provide additional capital. This is evidence of Non-Profit's willingness and intent to avoid foreclosure for its properties, when it is legally permitted to do so.

Conclusion

Non-Profit and its principals understand that TDHCA wants to avoid foreclosures and the loss of affordable housing restrictions. But we ask the Governing Board to consider all of the relevant facts and what kind of message this decision will send. As the Housing Tax Credit portfolio ages, more and more properties will face challenges. As a State, we need to incentivize our non-profit and governmental agencies, and their individual leaders, to lend their support to these properties, as Section 42 of the Internal Revenue Code suggests. We may, however, need

to look more carefully at those institutions that would take advantage of distressed situations to enrich themselves.

For all these reasons, we respectfully request that the Board decline the recommendation for debarment for Non-Profit and Mr. Mayfield, acknowledging that the Non-Profit Board members are ineligible for debarment because they lack Control.

Sincerely,



Cynthia L. Bast

cc: THF Housing Development Corporation

Attachment A – THF Community Services

ATTACHMENT A

THF COMMUNITY SERVICES



****FOR IMMEDIATE RELEASE****

****Texas Housing Foundation Teams Up with State Rep. Ken King to Support Fire-Affected Individuals in the Panhandle****

[Canadian, TX, 2/29/2024] – In response to the devastating fires sweeping through the Texas Panhandle, the Texas Housing Foundation has announced a collaborative effort with State Representative Ken King to address the urgent housing needs of affected residents. This partnership aims to provide immediate relief and support to those displaced by the fires, ensuring safe and secure housing during this critical time.

As part of the initiative, the Texas Housing Foundation has successfully housed several individuals and families who have lost their homes or have been evacuated due to the ongoing fire emergencies. This effort underscores the Foundation's commitment to community support and rapid response in times of disaster.

"Our hearts go out to everyone impacted by the fires in the Texas Panhandle," said Allison Milliorn, Chief Operating Officer of the Texas Housing Foundation. "We are working tirelessly with State Rep. Ken King to ensure that all affected individuals and families have a safe place to stay. Our priority is the well-being of our community members, and we will continue to allocate resources and support to meet the emergent needs of those affected."

The Texas Housing Foundation, along with State Rep. Ken King, is calling on the community for support. Donations and volunteers are critically needed to assist in ongoing relief efforts and to help rebuild the lives of those affected. Interested parties are encouraged to contact the Texas Housing Foundation or State Representative Ken King's office to learn how they can contribute.

For more information on how to help or if you are in need of assistance, please visit www.txhf.org or call 830-693-8100.

"This collaborative effort is a testament to the strength and resilience of our community," stated State Rep. Ken King. "Together, we will overcome this adversity and emerge stronger."

The Texas Housing Foundation and State Rep. Ken King remain committed to providing ongoing support to the Texas Panhandle as it recovers from these tragic fires. Updates on relief efforts and housing initiatives will be provided as they become available.

****About the Texas Housing Foundation****

The Texas Housing Foundation is dedicated to ensuring that all Texans have access to affordable, safe, and quality housing. Through partnerships and community support, the Foundation addresses housing needs across the state, fostering stability and growth in Texas communities.

From: [Dominic Audino](#)
To: [Ysella Kaseman](#)
Cc: [Allison Millior](#)
Subject: Possible Debarment
Date: Thursday, December 19, 2024 3:50:37 PM
Attachments: [image001.png](#)
[image002.gif](#)
[image003.png](#)
[image004.png](#)
[image005.png](#)

Hi Ysella, Allison just asked me to send along this information.

I am sure you already know this, but I am including an excerpt from the current QAP. It seems to suggest Mark Mayfield, as former President/CEO of THF Housing Development Corporation; Susan Hamm - the Board Chair and Griff Morris - the Secretary are "controlling" parties. All other board members do not meet the definition under our interpretation of things.

(3029) Control (including the terms "Controlling," "Controlled by," and "under common Control with")--The power, ability, or authority, acting alone or in concert with others, directly or indirectly, to manage, direct, superintend, restrict, regulate, govern, administer, or oversee. As used herein "acting in concert" involves more than merely serving as a single member of a multi-member body. A member of a multi-member body is not acting in concert and therefore does not exercise control in that role, but may have other roles, such as executive officer positions, which involve actual or apparent authority to exercise control. Controlling entities of a partnership include the general partners, may include special limited partners when applicable, but not investor limited partners or special limited partners who do not possess other factors or attributes that give them Control. Persons with Control of a Development must be identified in the Application. Controlling individuals and entities are set forth in subparagraphs (A) - (E) of this paragraph. Multiple Persons may be deemed to have Control simultaneously. (A) For for-profit corporations, any officer authorized by the board of directors, regardless of title, to act on behalf of the corporation, including, but not limited to, the president, vice president, secretary, treasurer, and all other executive officers, and each stock holder having a 50% or more interest in the corporation, and any individual who has Control with respect to such stockholder. (B) For nonprofit corporations or governmental instrumentalities (such as housing authorities), any officer authorized by the board, regardless of title, to act on behalf of the corporation, including, but not limited to, the president, vice president, secretary, treasurer, and all other executive officers, the Audit committee chair, the Board chair, and anyone identified as the executive director or equivalent.

We also looked at Texas Local Government Code Section 303.022, indicating all non-profits created by a housing authority (such as THF Housing Development Corporation) are considered PFCs and subject to Texas Local Government Code Chapter 303 ; and

Texas Local Government Code Section 303.036, identifying officers as President, VP (THF Housing Development Corporation has no VP), and Secretary.

We did not find anything in Texas Local Government Code Chapter 392 that clarified the roles or specifically identified authority or control by board members/Commissioners.

THF Housing Development Corporation's Board composition is as follows:

- Allison Milliorn – Current President and CEO
- Mark Mayfield – *former* President and CEO
- Susan Hamm -Board Chair
- Johnny White – Vice Chair
- Griff Morris - Secretary
- John Moman
- Phil Woods
- Dave Edwards
- Nancy Jackson

Please let us know your thoughts.

Thank you for your consideration!

Best Regards,



Dominic “Nick” Audino*

General Counsel
Texas Housing Foundation
THF Housing Management Corporation

- 830-693-8100 x 104
 - daudino@txhf.org
 - <https://txhf.org>
- 1110 Broadway, Marble Falls, TX 78654



*Dominic Audino is Board Certified in Residential and Commercial Real Estate Law by the Texas Board of Legal Specialization and is a Licensed Texas Real Estate Broker

Future Days Off:

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From: Bast, Cynthia L. <CBast@lockelord.com>
Sent: Friday, December 20, 2024 3:13 PM
To: Ysella Kaseman
Subject: FW: Debarment Questions
Attachments: THF HDC-8th Amended and Restated Corp Bylaws.pdf; Park Meadows Closing Certificate.pdf; Stone Hollow - TDHCA Control Form.pdf

Ysella, per your request below, please find attached the current Bylaws of THF Housing Development Corporation. I call your attention to the following:

Per Section 4.01 of the Bylaws, the activities of the corporation are managed by the Board of Directors as a body. With seven directors, no one person has Control simply by virtue of being a director. That is consistent with the definition in the QAP, which says "A member of a multi-member body is not acting in concert and therefore does not exercise control in that role, but may have executive officer positions, which involved actual or apparent authority to exercise control."

Moving to Section 4.04 of the Bylaws, the Board of THF HDC has officers that include a Chair, Vice Chair, and Secretary. The Chair is authorized to see that resolutions of the Board are carried out. The Secretary has such duties as are typical to such office, which is usually to maintain the records of the Board meetings and certify to matters as needed for corporate governance. (Note THF HDC does not have a Vice Chair, but it does have a Chair (Susan Hamm) and Secretary (Griff Morris).) As described in Article Four, these offices do not control operational matters but rather are offices necessary for the Board to conduct its business.

Article Six of the Bylaws name the corporate officers. The President is identified in Section 6.03 of the principal executive officer of the corporation. Per Section 7.04, only the President and Secretary can sign contracts on behalf of the corporation, unless otherwise designated by the Board in a resolution.

When the tax credit limited partner sold its limited partner interests in LHA Park Meadows, LP to a for-profit investor, the general partner signed a Closing Certificate, indicating that only Mark Mayfield, the President, was entitled to sign on behalf of the general partner. See attached, at Paragraph 6. A similar Closing Certificate should have been signed when the tax credit limited partner sold its limited partner interests in LHA Stone Hollow, LP, but we are not presently able to find such certificate in our records.

Taken together, the Bylaws and Closing Certificate indicate that Mark Mayfield, as President, had execution authority for THF HDC.

Also, when the tax credit limited partner sold its limited partner interests in Park Meadows and Stone Hollow, the parties completed and submitted a TDHCA-promulgated Control Form for compliance matters. The form that was submitted should be in TDHCA's records. We have a copy of the Stone Hollow form attached. We have not been able to find the form for Park Meadows in our records.

I hope all of this is helpful. There are definitely Board members who have no Control over THF HDC and we hope they can be removed administratively before further action is taken. If additional information is required, please let me know.

Cynthia Bast (she)

Chair, Affordable Housing and Community Development Section

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December 18, 2024

By Email to bobby.wilkinson@tdhca.state.tx.us

TDHCA Governing Board
Texas Department of Housing and Community Affairs
P.O. Box 13941
Austin, TX 78711
c/o Bobby Wilkinson, Executive Director

RE: Appeal of Notice of Debarment Determination for the City of Lubbock Housing Initiatives; The Housing Authority of the City of Lubbock; Officers and Board Members for the Housing Authority of the City of Lubbock (including Mike Chapman, Toby Cecil, Ayda Chapa, Amanda Gray, Vecelia Mann, and Jerry Ramirez), dated December 11, 2024.

Dear Chair Vasquez and Board Members:

This is an appeal of the above-described Notice of Debarment Determination sent by Bobby Wilkinson, Executive Director and dated December 11, 2024 (the “Debarment Determination”). Each of the named entities and individuals was determined to be debarred for a period of one (1) year, subject to the TDHCA Board’s concurrence. The Debarment Determination was issued as the result of a foreclosure of the primary financing on Estrada South II f/k/a Park Meadows II (HTC #060058 / CMTS 4371) (the “Project”), which resulted in the loss of the TDHCA’s Land Use Restriction Agreement (“LURA”) relating to the Project. We ask the Board to disapprove Staff’s recommendation and to deny and dismiss the Debarment Determination.

1. Background.

The Project was one of three developments (collectively, the “Developments”) built with Housing Tax Credits to replace a public housing development owned by the Lubbock Housing Authority (the “Authority”). For each of the Developments, the Authority owned fee interest in the land, which was ground leased to the project owner, a Texas limited partnership of which City of Lubbock Housing Initiatives (“Lubbock Initiatives” - an affiliate of the Authority) was the sole member of the General Partner. This is the standard structure used to qualify for a governmental ad valorem tax exemption for affordable housing developments. The

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Developments were operated in concert by third party project managers until 2013, when the Authority and Lubbock Initiatives undertook their management until 2017. In 2017 Lubbock Initiatives was replaced as the sole member of the General Partner on two of the three Developments by Texas Housing Foundation (“THF”), but THF declined to replace Lubbock Initiatives in the ownership of the Project because the Project included public housing units. THF assumed property management of the operation of all the Developments.

In 2019 the Project’s lender required that THF be taken out of the ownership and control of the Project. A new entity, Lubbock Affordable Housing Group, LLC under the ownership and control of Jorge Mederos (collectively, the “New Investor”) acquired all of the partnership interests in the Project except that of the General Partner, which was left in Lubbock Initiatives. The Partnership interests were subsequently conveyed to Strata Capital. As part of the transaction, the New Investor provided financial guaranties to the lender that the Authority was not able to provide. To obtain the guaranties, the Project’s Limited Partnership Agreement was amended and restated and Section 4.3 provided that the General Partner delegated essentially all of its powers to the New Investor. From that time on, Lubbock Initiatives and the Authority had no involvement in the operation of the Project, except that the Authority pays a HUD public housing subsidy to the Project. The lender foreclosed upon the Project in August 2024, and as a result, the TDHCA’s subordinate LURA was wiped out and the Authority and Lubbock Initiatives lost all their ownership interests in the Project.

2. Three individuals named in the Debarment Determination are not Responsible Parties in Control and should not be subject to debarment.

The definition of “Control” in 10 TAC §11.1(29) provides:

(B) For nonprofit corporations or governmental instrumentalities (such as housing authorities), any officer authorized by the board, regardless of title, to act on behalf of the corporation, including, but not limited to, the president, vice president, secretary, treasurer, and all other executive officers, the Audit committee chair, the Board chair, and anyone identified as the executive director or equivalent.

Lubbock Initiatives is a nonprofit entity and the Authority is a governmental instrumentality. Three of their board members named in the Debarment Determination (Amanda Gray, Vecelia Mann, and Jerry Ramirez) are not officers, are not empowered to act on behalf of the organizations, and therefore do not have “Control” as defined in 10 TAC §11.1(29)(B). This debarment was brought under 10 TAC §2.401(a)(7), which applies to a Responsible Party, a Consultant and/or a Vendor Controlling a multifamily Development that was foreclosed after April 1, 2021, where the foreclosure or deed in lieu of foreclosure terminates a subordinate TDHCA LURA. Since Amanda Gray, Vecelia Mann, and Jerry Ramirez are not officers, they are not in Control of either Lubbock Initiatives or the Authority, and are therefore not subject to debarment pursuant to the stated provision. We request that their names be deleted from the Debarment Determination in accordance with the stated rule, and that this proceeding against them be dismissed.

3. Lubbock Initiatives and/or the Authority did not Control the Project when the foreclosure took place.

The Authority and its affiliate, Lubbock Initiatives, have always acted to preserve and protect the Project. The Authority owned the land and remains the Ground Lessor for the Project, and always anticipated that it would own the Project outright when the tax credit responsibilities were fulfilled. The Authority and Lubbock Initiatives had no incentive to permit the foreclosure of the Project's financing, wiping out the TDHCA LURA and with it, all of their ownership interests in the Project. Unfortunately, the Authority does not have the funds that were needed to stabilize the Project's financing in 2019. When the New Investor came into the deal, in order to get the financial support from the New Investor the Authority and Lubbock Initiatives had to cede essentially all of their Control over the Project to the New Investor.

In view of these economic circumstances, the Authority and Lubbock Initiatives were acting reasonably in providing the New Investor with the Control that is required by nearly all developers and investors coming into ownership of an economically uncertain multifamily development. Guaranties had to be provided in 2019 in order to avoid foreclosure at that time. The Authority and Lubbock Initiatives could not provide them, so the New Investor was brought into the deal. The New Investor wanted to make sure the Project was operated in a way that protected its guaranty exposure, so a precondition of the transaction was the delegating of Control to the New Investor. To refuse to delegate these powers would mean that the Project would likely have undergone foreclosure in 2019.

We point out that the rule under which this Debarment Determination was made only extends to a Responsible Party who has "Control" over a project where a foreclosure wipes out a subordinate TDHCA LURA. The rule says nothing about debarment of a person who contractually delegated their authority to another person, such as the New Investor. This is language being read into the rule by Staff. Under the specific language of 10 TAC §2.401(a)(7), the Authority and Lubbock Initiatives are not subject to debarment as a result of the LURA termination due to foreclosure. If the TDHCA wants to extend the reach of debarment to Responsible Parties who delegate their Control of a project, then the rules should be amended through the public rulemaking process to require this change so that stakeholders are aware of what such delegation of powers can entail. At this point in time, however, the Authority and Lubbock Initiatives do not fall within the stated terms of the rule and this debarment should be dismissed as against them and their officers as a debarment is not authorized by the plain language of the rule.

4. Policy of debarment of governmental entities is detrimental to tax credit program.

More and more frequently, housing authorities and housing finance corporations are being sought to partner with developers to provide ad valorem tax exemptions that will help to either save struggling tax credit developments or, at the front end, to make projects financially viable.

This is especially true of 4% tax credit deals that won't work economically without such assistance. Pursuing debarment against such governmental entities on projects over which they have no control will discourage them from participating in tax credit transactions. Frequently governmental entities do not have substantial expertise in the operation of multifamily housing, so they receive a small fee and the opportunity to acquire the development upon the investor's exit, but delegate the Control of the development to either the developer or the investor, depending upon who is providing the economic support. If there is a chance that involvement of this nature in struggling developments or in new transactions will bring potential exposure for debarment, it is likely that governmental entities will stop participating in these public/private partnerships that provide such needed assistance to tax credit transactions. We urge you to consider the long-term negative repercussions of adopting an aggressive debarment policy against entities that have no control of a project because it discourages the involvement of governmental entities. This is especially important in smaller cities like Lubbock, where there are limited governmental entities that are qualified to participate in the tax credit program. For instance, in Lubbock only the Authority and Texas Housing Foundation have been willing to partner with developers. There is a housing finance corporation, but while it issues bonds for the tax credit program, it does not participate as a public partner able to provide an ad valorem exemption to an affordable development. Debarring the Authority would close off this resource to the tax credit program in the City of Lubbock.

5. Authority has been actively trying to get the LURA reinstated.

Since the foreclosure took place in August 2024 and the Project was acquired by an affiliate of the lender, the lender's efforts to sell the Project to a third party buyer have been hamstrung by the continued existence of HUD restrictive covenants relating to the public housing, which were not terminated by the foreclosure. HUD must approve of any subsequent purchaser. The Authority has been actively seeking solutions that will result in the reinstatement of the TDHCA LURA, including offering to enter a partnership with the third party buyer to reinstate the ad valorem tax exemption to the Project but only on the condition that the TDHCA LURA is reinstated. The third party buyer has, for now, rejected that offer. A request for HUD approval of a proposed third party purchaser has been filed by the Authority, the lender and the proposed purchaser, and is pending. HUD typically does not approve owners of projects that have public housing units that do not have a public housing authority in the ownership, so HUD may make its approval contingent upon the Authority's involvement in the Project as a partner in order for the Project to continue to receive the public housing subsidy at the Project. The Authority has made it known that it is not willing to partner with any subsequent purchaser unless the purchaser agrees to reinstate the TDHCA LURA.

10 TAC §2.401(l) states: **"...The Board reserves discretion to impose longer or shorter Debarment periods than those recommended by staff based on its finding that such longer or shorter periods are appropriate when considering all factors and/or for the purposes of equity or other good cause."** In view of the Authority's efforts to get the LURA reinstated, we respectfully request that the suggested debarment of the Authority, Lubbock Initiatives and its officers be denied in recognition of these efforts to get the TDHCA LURA reinstated.

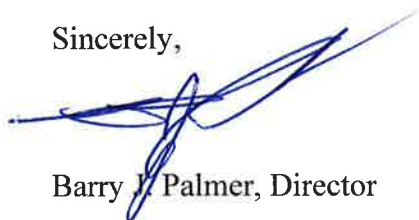
6. Summary.

In summary, on behalf of Lubbock Initiatives, the Authority, Mike Chapman, Toby Cecil, Ayda Chapa, Amanda Gray, Vecelia Mann, and Jerry Ramirez, we make the following requests in this appeal:

- a. Dismiss the Debarment Determination as against Amanda Gray, Vecelia Mann, and Jerry Ramirez, since they are not Responsible Parties in Control of the Project.
- b. Dismiss the Debarment Determination as against Lubbock Initiatives, the Authority, Mike Chapman, Toby Cecil and Ayda Chapa because each of them was not a Responsible Party in Control at the time that the foreclosure of the Project took place. The fact that Control of the Project had been ceded to the New Investor is not a factor that supports debarment under 10 T.A.C. TAC §2.401(a)(7). We submit that it is improper to impose a debarment on the Authority or Lubbock Initiatives when it could not have known the consequences of participating in the tax-credit program under TDHCA's current interpretation of 10 T.A.C §2.401(a)(7); in fact, a governmental partner may have elected to forego such risk.

Thank you for the opportunity to submit this appeal of the Debarment Determination. If there are any questions, we are glad to provide clarification.

Sincerely,



Barry J. Palmer, Director

cc: Bobby Wilkinson
Ysella Kaseman

ENFORCEMENT ACTION AGAINST	§	BEFORE THE
SRCJJC LUBBOCK MANAGEMENT LLC,	§	TEXAS DEPARTMENT OF HOUSING
CHRIS ROBERTS, PETER DELFINO,	§	AND COMMUNITY AFFAIRS
GEORGE ARAU, JENNIFER JOYCE	§	
	§	

FINAL ORDER OF DEBARMENT

General Remarks and official action taken:

On this 16th day of January, 2025, the Governing Board (Board) of the Texas Department of Housing and Community Affairs (TDHCA or Department) considered the matter of whether enforcement action should be taken against SRCJJC Lubbock Management LLC (SRCJJC), and its managing members, Chris Roberts, Peter Delfino, George Arau, and Jennifer Joyce (collectively, Respondents), for controlling three multifamily developments that were foreclosed on August 6, 2024, where the foreclosures terminated the subordinate TDHCA LURAs, a violation of 10 TAC §2.401(a)(7).

This Final Order is executed pursuant to the authority granted in Texas Government Code section 2306.0504, which requires the Board to adopt a policy providing for the debarment of a person from participation in Department programs because of a person’s past failure to comply with conditions imposed by the Department in the administration of its programs. A policy was adopted by the Board and is set forth at 10 TAC §2.401.

Upon recommendation of the Executive Director, the Board makes the following findings of fact and conclusions of law and enters this Order:

FINDINGS OF FACT

Jurisdiction:

1. During 2003, LHA Park Meadows, LP (Estrada South I Owner) was awarded an allocation of 9% Low Income Housing Tax Credits by the Board to build and operate Estrada South I f/k/a Park Meadows I (HTC 03140 / CMTS 3354) (Estrada South I).
2. During 2004, prior owner LHA Stone Hollow, LP (Estrada North Owner) was awarded an allocation of 9% Low Income Housing Tax Credits by the Board to build and operate Estrada North f/k/a Stone Hollow Village (HTC 04057 / CMTS 4112) (Estrada North).
3. During 2006, prior owner LHA Park 2, LP (Estrada South II Owner) was awarded an allocation of 9% Low Income Housing Tax Credits by the Board to build and operate Estrada South II f/k/a Park Meadows II (HTC 060058 / CMTS 4371) (Estrada South II).
4. Estrada South I, Estrada North, and Estrada South II (collectively, the Developments), were subject to the following TDHCA Land Use Restriction Agreements (LURAs):

- a. Declaration of Land Use Restrictive Covenants For Low-Income Housing Credits regarding Estrada South I (Estrada South I LURA). The Estrada South I LURA was effective November 18, 2005, and filed of record at Volume 10299, Page 105 of the Official Public Records of Real Property of Lubbock County, Texas (the Records).
 - b. Declaration of Land Use Restrictive Covenants For Low-Income Housing Credits regarding Estrada North (Estrada North LURA). The Estrada North LURA was effective July 1, 2006, and filed of record at Clerk's File No. 2006044142 of the Official Public Records of Real Property of Lubbock County, Texas (the Records), as amended by First Amendment to Declaration of Land Use Restrictive Covenants for Low-Income Housing Credits effective December 15, 2016, and filed of record at Clerk's File No. 2017065837 of the Records.
 - c. Declaration of Land Use Restrictive Covenants For Low-Income Housing Credits regarding Estrada South II (Estrada South II LURA). The Estrada South II LURA was effective September 1, 2008, and filed of record at Clerk's File No. 2008045943 of the Official Public Records of Real Property of Lubbock County, Texas (the Records), as amended by First Amendment to Declaration of Land Use Restrictive Covenants for Low-Income Housing Credits effective September 1, 2008, and filed of record at Clerk's File No. 2009016210 of the Records.
5. Estrada South I Owner, Estrada South II Owner, and Estrada North Owner are organizations that are qualified to own, construct, acquire, rehabilitate, operate, manage, or maintain a housing development that is subject to the regulatory authority of TDHCA.
 6. In 2021, SRCJJC Lubbock LLC purchased the limited partner interests, including control authority, for Estrada South I Owner, Estrada South II Owner, and Estrada North Owner. In accordance with Section 2 of each LURA noted above, the LURAs are restrictive covenants/deed restrictions encumbering the developments and binding on all successors and assigns for the full terms of the LURAs. These restrictions remained in place, thereby binding Respondents to the terms of the agreements.
 7. SRCJJC Lubbock Management, LLC is the sole member of SRCJJC Lubbock, LLC.
 8. SRCJJC Lubbock Management, LLC is controlled by managers, Chris Reynolds, Peter Delfino, George Arau, and Jennifer Joyce.
 9. Respondents are subject to the regulatory authority of TDHCA and, for purposes of this debarment recommendation, are considered Responsible Parties in Control, as defined by 10 TAC §2.102 and 10 TAC §11.1(29), respectively.

Violations Subject To Debarment:

1. Controlling a multifamily development that was foreclosed after April 1, 2021, where the foreclosure terminates a subordinate TDHCA LURA, a violation of 10 TAC §2.401(a)(7). The Developments were foreclosed on August 6, 2024, terminating the LURAs.

CONCLUSIONS OF LAW

1. The Department has jurisdiction over this matter pursuant to Tex. Gov't Code §2306.0504 and 10 TAC §2.401.
2. Respondents are Responsible Parties as defined by 10 TAC §2.102(12).
3. Pursuant to Tex. Gov't Code §2306.185, TDHCA is required to monitor to ensure compliance.
4. Respondents violated 10 TAC §2.401(a)(7) when the Developments were foreclosed on August 6, 2024, terminating the LURAs.
5. At the time of foreclosures, Respondents were in a position of Control as defined by 10 TAC §11.1(29).
6. Pursuant to Tex. Gov't. Code §2306.0504(b), the Department may debar a person from participation in a Department program on the basis of the person's past failure to comply with any condition imposed by the department in the administration of its programs.

Based upon the foregoing findings of fact and conclusions of law, and an assessment of material factors including those set forth in 10 TAC §2.401(j) to be considered for a recommended period of debarment, as applied specifically to the facts and circumstances present in this case, the Board of the TDHCA orders the following:

IT IS HEREBY ORDERED that Respondents are barred from future participation in all programs administered by the Department for a **ten-year term ending January 16, 2035**. This debarment does not prohibit Respondents from participating in any existing engagements funded through the Department, nor does it affect any responsibilities or duties thereunder.

IT IS FURTHER ORDERED that the terms of this Final Order shall be published on the TDHCA website.

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Approved by the Governing Board of TDHCA on January 16, 2025.

By: _____

Name: Leo Vasquez

Title: Chair of the Board of TDHCA

By: _____

Name: James "Beau" Eccles

Title: Secretary of the Board of TDHCA

THE STATE OF TEXAS §

§

COUNTY OF TRAVIS §

Before me, the undersigned notary public, on this 16th day of January, 2025, personally appeared Leo Vasquez, proved to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

(Seal)

Notary Public, State of Texas

THE STATE OF TEXAS §

§

COUNTY OF TRAVIS §

Before me, the undersigned notary public, on this 16th day of January, 2025, personally appeared James "Beau" Eccles, proved to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

(Seal)

Notary Public, State of Texas

ENFORCEMENT ACTION AGAINST
THF HOUSING DEVELOPMENT
CORPORATION, MARK MAYFIELD,
SUSAN HAMM, GRIFFITH MORRIS,
AND JOHNNY WHITE

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BEFORE THE
TEXAS DEPARTMENT OF HOUSING
AND COMMUNITY AFFAIRS

FINAL ORDER OF DEBARMENT

General Remarks and official action taken:

On this 16th day of January, 2025, the Governing Board (Board) of the Texas Department of Housing and Community Affairs (TDHCA or Department) considered the matter of whether enforcement action should be taken against THF Housing Development Corporation, its former president and chief executive officer, Mark Mayfield, and its board officers, Susan Hamm, Griffith Morris, and Johnny White (collectively, Respondents), for controlling two multifamily developments that were foreclosed on August 6, 2024, where the foreclosures terminated the subordinate TDHCA LURAs, a violation of 10 TAC §2.401(a)(7).

This Final Order is executed pursuant to the authority granted in Texas Government Code section 2306.0504, which requires the Board to adopt a policy providing for the debarment of a person from participation in Department programs because of a person's past failure to comply with conditions imposed by the Department in the administration of its programs. A policy was adopted by the Board and is set forth at 10 TAC §2.401.

Upon recommendation of the Executive Director, the Board makes the following findings of fact and conclusions of law and enters this Order:

FINDINGS OF FACT

Jurisdiction:

1. During 2003, LHA Park Meadows, LP (Estrada South I Owner) was awarded an allocation of 9% Low Income Housing Tax Credits by the Board to build and operate Estrada South I f/k/a Park Meadows I (HTC 03140 / CMTS 3354) (Estrada South I).
2. During 2004, prior owner LHA Stone Hollow, LP (Estrada North Owner) was awarded an allocation of 9% Low Income Housing Tax Credits by the Board to build and operate Estrada North f/k/a Stone Hollow Village (HTC 04057 / CMTS 4112) (Estrada North).
3. Estrada South I and Estrada North (collectively, the Developments), were subject to the following TDHCA Land Use Restriction Agreements (LURAs):

- a. Declaration of Land Use Restrictive Covenants For Low-Income Housing Credits regarding Estrada South I (Estrada South I LURA). The Estrada South I LURA was effective November 18, 2005, and filed of record at Volume 10299, Page 105 of the Official Public Records of Real Property of Lubbock County, Texas (the Records).
 - b. Declaration of Land Use Restrictive Covenants For Low-Income Housing Credits regarding Estrada North (Estrada North LURA). The Estrada North LURA was effective July 1, 2006, and filed of record at Clerk's File No. 2006044142 of the Official Public Records of Real Property of Lubbock County, Texas (the Records), as amended by First Amendment to Declaration of Land Use Restrictive Covenants for Low-Income Housing Credits effective December 15, 2016, and filed of record at Clerk's File No. 2017065837 of the Records.
4. Estrada South I Owner and Estrada North Owner are organizations that are qualified to own, construct, acquire, rehabilitate, operate, manage, or maintain a housing development that is subject to the regulatory authority of TDHCA.
 5. On July 14, 2017, THF Park Meadows GP, LLC and THF Stone Hollow GP, LLC purchased the fee title landowner interests and the general partner interests in Estrada South I Owner and Estrada North Owner, respectively. In accordance with Section 2 of each LURA noted above, the LURAs are restrictive covenants/deed restrictions encumbering the developments and binding on all successors and assigns for the full terms of the LURAs. These restrictions remained in place, thereby binding Respondents to the terms of the agreements.
 6. THF Housing Development Corporation is the sole member of both THF Park Meadows GP, LLC and THF Stone Hollow GP, LLC.
 7. Mark Mayfield is the former president and chief executive officer for THF Housing Development Corporation, and was in control during the pertinent events noted in this order.
 8. Susan Hamm, Griffith Morris, and Johnny White are board officers for THF Housing Development Corporation.
 9. Respondents are subject to the regulatory authority of TDHCA and, for purposes of this debarment recommendation, are considered Responsible Parties in Control, as defined by 10 TAC §2.102 and 10 TAC §11.1(29), respectively.

Violations Subject To Debarment:

1. Controlling a multifamily development that was foreclosed after April 1, 2021, where the foreclosure terminates a subordinate TDHCA LURA, a violation of 10 TAC §2.401(a)(7). The Developments were foreclosed on August 6, 2024, terminating the LURAs.

CONCLUSIONS OF LAW

1. The Department has jurisdiction over this matter pursuant to Tex. Gov't Code §2306.0504 and 10 TAC §2.401.
2. Respondents are Responsible Parties as defined by 10 TAC §2.102(12).
3. Pursuant to Tex. Gov't Code §2306.185, TDHCA is required to monitor to ensure compliance.
4. Respondents violated 10 TAC §2.401(a)(7) when the Developments were foreclosed on August 6, 2024, terminating the LURAs.
5. At the time of foreclosures, Respondents were either in a position of Control as defined by 10 TAC §11.1(29), or had chosen to delegate their Control authority.
6. Pursuant to Tex. Gov't. Code §2306.0504(b), the Department may debar a person from participation in a Department program on the basis of the person's past failure to comply with any condition imposed by the department in the administration of its programs.

Based upon the foregoing findings of fact and conclusions of law, and an assessment of material factors including those set forth in 10 TAC §2.401(j) to be considered for a recommended period of debarment, as applied specifically to the facts and circumstances present in this case, the Board of the TDHCA orders the following:

IT IS HEREBY ORDERED that Respondents are barred from future participation in all programs administered by the Department for a **one-year term ending January 16, 2026**. This debarment does not prohibit Respondents from participating in any existing engagements funded through the Department, nor does it affect any responsibilities or duties thereunder.

IT IS FURTHER ORDERED that the terms of this Final Order shall be published on the TDHCA website.

[remainder of page intentionally blank]

Approved by the Governing Board of TDHCA on January 16, 2025.

By: _____

Name: Leo Vasquez

Title: Chair of the Board of TDHCA

By: _____

Name: James "Beau" Eccles

Title: Secretary of the Board of TDHCA

THE STATE OF TEXAS §

§

COUNTY OF TRAVIS §

Before me, the undersigned notary public, on this 16th day of January, 2025, personally appeared Leo Vasquez, proved to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

(Seal)

Notary Public, State of Texas

THE STATE OF TEXAS §

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(Seal)

Notary Public, State of Texas

ENFORCEMENT ACTION AGAINST
THE CITY OF LUBBOCK HOUSING
INITIATIVES, THE HOUSING AUTHORITY OF
THE CITY OF LUBBOCK A/K/A THE
LUBBOCK HOUSING AUTHORITY, MIKE
CHAPMAN, TOBY CECIL, AND AYDA CHAPA

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BEFORE THE
TEXAS DEPARTMENT OF HOUSING
AND COMMUNITY AFFAIRS

FINAL ORDER OF DEBARMENT

General Remarks and official action taken:

On this 16th day of January, 2025, the Governing Board (Board) of the Texas Department of Housing and Community Affairs (TDHCA or Department) considered the matter of whether enforcement action should be taken against The City of Lubbock Housing Initiatives, The Housing Authority of the City of Lubbock a/k/a the Lubbock Housing Authority, its executive director, Mike Chapman, and its board officers Toby Cecil and Ayda Chapa (collectively, Respondents), for controlling a multifamily development that was foreclosed on August 6, 2024, where the foreclosure terminated the subordinate TDHCA LURA, a violation of 10 TAC §2.401(a)(7).

This Final Order is executed pursuant to the authority granted in Texas Government Code section 2306.0504, which requires the Board to adopt a policy providing for the debarment of a person from participation in Department programs because of a person’s past failure to comply with conditions imposed by the Department in the administration of its programs. A policy was adopted by the Board and is set forth at 10 TAC §2.401.

Upon recommendation of the Executive Director, the Board makes the following findings of fact and conclusions of law and enters this Order:

FINDINGS OF FACT

Jurisdiction:

1. During 2006, prior owner LHA Park 2, LP (Estrada South II Owner) was awarded an allocation of 9% Low Income Housing Tax Credits by the Board to build and operate Estrada South II f/k/a Park Meadows II (HTC 060058 / CMTS 4371) (Estrada South II).
2. Estrada South II was subject to a Declaration of Land Use Restrictive Covenants For Low-Income Housing Credits (Estrada South II LURA). The Estrada South II LURA was effective

September 1, 2008, and filed of record at Clerk's File No. 2008045943 of the Official Public Records of Real Property of Lubbock County, Texas (the Records), as amended by First Amendment to Declaration of Land Use Restrictive Covenants for Low-Income Housing Credits effective September 1, 2008, and filed of record at Clerk's File No. 2009016210 of the Records.

3. Estrada South II Owner is an organization that is qualified to own, construct, acquire, rehabilitate, operate, manage, or maintain a housing development that is subject to the regulatory authority of TDHCA.
4. LPMD-2, LLC is the original general partner for Estrada South II Owner.
5. LPMD-2, LLC is controlled by The City of Lubbock Housing Initiatives, an instrumentality of The Housing Authority of the City of Lubbock a/k/a the Lubbock Housing Authority, which is controlled by executive director, Mike Chapman, and board officers Toby Cecil and Ayda Chapa.
6. Respondents are subject to the regulatory authority of TDHCA and, for purposes of this debarment recommendation, are considered Responsible Parties in Control, as defined by 10 TAC §2.102 and 10 TAC §11.1(29), respectively.

Violations Subject To Debarment:

1. Controlling a multifamily development that was foreclosed after April 1, 2021, where the foreclosure terminates a subordinate TDHCA LURA, a violation of 10 TAC §2.401(a)(7). Estrada South II was foreclosed on August 6, 2024, terminating the Estrada South II LURA.

CONCLUSIONS OF LAW

1. The Department has jurisdiction over this matter pursuant to Tex. Gov't Code §2306.0504 and 10 TAC §2.401.
2. Respondents are Responsible Parties as defined by 10 TAC §2.102(12).
3. Pursuant to Tex. Gov't Code §2306.185, TDHCA is required to monitor to ensure compliance.
4. Respondents violated 10 TAC §2.401(a)(7) when Estrada South II was foreclosed on August 6, 2024, terminating the Estrada South II LURA.
5. At the time of foreclosures, Respondents were either in a position of Control as defined by 10 TAC §11.1(29), or had chosen to delegate their Control authority.
6. Pursuant to Tex. Gov't. Code §2306.0504(b), the Department may debar a person from participation in a Department program on the basis of the person's past failure to comply with any condition imposed by the department in the administration of its programs.

Based upon the foregoing findings of fact and conclusions of law, and an assessment of material factors including those set forth in 10 TAC §2.401(j) to be considered for a recommended period of debarment, as applied specifically to the facts and circumstances present in this case, the Board of the TDHCA orders the following:

IT IS HEREBY ORDERED that Respondents are barred from future participation in all programs administered by the Department for a **one-year term ending January 16, 2026**. This debarment does not prohibit Respondents from participating in any existing engagements funded through the Department, nor does it affect any responsibilities or duties thereunder.

IT IS FURTHER ORDERED that the terms of this Final Order shall be published on the TDHCA website.

[remainder of page intentionally blank]

Approved by the Governing Board of TDHCA on January 16, 2025.

By: _____

Name: Leo Vasquez

Title: Chair of the Board of TDHCA

By: _____

Name: James "Beau" Eccles

Title: Secretary of the Board of TDHCA

THE STATE OF TEXAS §

§

COUNTY OF TRAVIS §

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(Seal)

Notary Public, State of Texas

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(Seal)

Notary Public, State of Texas



Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 908

Agenda Date: 1/16/2025

Agenda #: 21.

Presentation, discussion, and possible action regarding the adoption of an Agreed Final Order concerning The Declan I (Bond MF007 / CMTS 2510) and The Declan II (Bond MF008 / CMTS 2509)

RECOMMENDED ACTION

WHEREAS, The Declan I (Bond MF007 / CMTS 2510) and The Declan II (Bond MF008 / CMTS 2509) both owned by Lurin Real Estate Holdings LIX, LLC (Owner) have uncorrected compliance findings relating to the applicable land use restriction agreements and the associated statutory and rule requirements;

WHEREAS, Owner is controlled by Jon Venetos;

WHEREAS, TDHCA identified findings of noncompliance at both property phases during its regularly scheduled 2023 file monitoring reviews and 2024 NSPIRE inspections, and referred the Owner for an administrative penalty when the noncompliance was not timely corrected;

WHEREAS, Owner reported a casualty loss to TDHCA in 2024 for CMTS 2509, but Owner failed to submit supporting documentation to substantiate the claim in order for the Department to set a two-year corrective action period;

WHEREAS, unresolved compliance findings for CMTS 2509 include: NSPIRE violations, casualty loss violations relating to four units that require supporting details, and file monitoring violations for pre-onsite documentation, household income, and annual recertifications;

WHEREAS, unresolved compliance findings for CMTS 2510 include: NSPIRE violations, and file monitoring violations for household income and annual recertifications;

WHEREAS, an Enforcement Committee informal conference was held on November 21, 2024, and Owner agreed, subject to Board approval, to enter into Agreed Final Orders for CMTS 2509 and CMTS 2510, assessing partially forgivable administrative penalties of \$8,425.00 and \$25,000.00, respectively; and

WHEREAS, staff has based its recommendations for an Agreed Final Order on the Department's rules for administrative penalties and an assessment of each and all of the statutory factors to be considered in assessing such penalties, applied specifically to the facts and circumstances present in this case.

NOW, therefore, it is hereby

RESOLVED, that Agreed Final Orders assessing partially forgivable administrative penalties of \$25,000.00 for noncompliance at The Declan I (Bond MF007 / CMTS 2510) and \$8,425.00 for noncompliance at The Declan II (Bond MF008 / CMTS 2509), substantially in the form presented at this meeting, and authorizing any non-substantive technical corrections, are hereby adopted as the order of this Board.

BACKGROUND

PROPERTY AND FINANCING INFORMATION: Lurin Real Estate Holdings LIX, LLC (Owner) purchased the following developments, located in Dallas, on June 22, 2022:

1. The Declan I (Bond MF007 / CMTS 2510), a 300-unit apartment complex; and
2. The Declan II (Bond MF008 / CMTS 2509), a 57-unit apartment complex.

The Owner is controlled by Jon Venetos, who is also the primary CMTS contact. Property management is conducted in-house by Lurin Management, Inc for CMTS 2509, and Lurin Property Management, LLC for CMTS 2510, both of which have Sarah Turner entered as the primary CMTS contact.

Each development is encumbered by a Bond LURA, with the bond funds used for acquisition and rehabilitation. The bonds are paid in full, and the state restrictive periods under each Bond LURA will terminate on November 30, 2033.

ENFORCEMENT HISTORY: There are three TDHCA-monitored developments in this ownership group. This owner has no prior enforcement history except for a prior administrative penalty referral for delinquent annual reporting, which was resolved informally.

NONCOMPLIANCE SUBJECT TO AN ADMINISTRATIVE PENALTY: The TDHCA Compliance Division (Compliance) identified the following findings of noncompliance and referred them for an administrative penalty. Noncompliance is listed below by Development, in the order that it was referred for an administrative penalty:

1. File Monitoring at CMTS 2509: A file monitoring review was conducted on February 16, 2023, and Compliance set a corrective action deadline of May 31, 2023. Unresolved noncompliance was referred to the Enforcement Committee (the Committee) for an administrative penalty on September 26, 2023.

After referral, the Enforcement Committee learned that this was a new owner who had purchased the development on June 22, 2022, and that multiple unresolved units were vacant due to a rehabilitation. Owner submitted partial corrective documentation and a corrective plan for Enforcement Committee consideration relating to the remaining noncompliant units. Status after this corrective documentation submission:

- a. Findings that were resolved after referral:
 - i. Failure to provide a social services program plan.
 - ii. Failure to provide documentation that household incomes were within prescribed limits upon initial occupancy for units 212 and 425.
 - iii. Failure to provide annual recertifications that were due between October 2022 and February 2023, for units 211, 321, 416, and 426.

- b. Findings that remain unresolved:
- i. Failure to submit pre-on-site documentation, including the monitor review questionnaire.
 - ii. Failure to provide documentation that household incomes were within prescribed limits upon initial occupancy for unit 126.
 - iii. Failure to provide annual recertifications that were due between October 2022 and February 2023, for units 126 and 328.

Owner indicated in their corrective plan that they intended to spend an average of \$17,000 per unit, including new cabinets, fixtures, mechanical replacements, flooring, appliances, lighting, countertops, blinds, window seals. Owner was also planning to perform exterior renovations including roofing, gates, lighting, landscaping, foundation repairs, replacing damaged sidewalk sections, full exterior paint, HVAC replacements, and repairs to railings, stairs, electrical panels, fencing, and gates.

Since this was a new owner investing in repairs, the unresolved units were vacant, and it did not make sense to re-occupy the vacant units prior to rehabilitation, the Committee approved a corrective plan through March 31, 2024, to complete the rehabilitation. It later approved a plan extension through June 30, 2024, with authority for the Enforcement Committee Secretary to extend by a further 30 days for good cause. Owner instead: (1) submitted a casualty loss form on July 2, 2024, for a fire at unit 328, and (2) submitted another extension request for unit 126 on July 9, 2024, stating that it was still in the demolition phase, and estimating a September completion date.

2. NSPIRE Inspection at CMTS 2509: An NSPIRE inspection was conducted on July 8, 2024, and Compliance set a corrective action deadline of November 12, 2024. The inspection scored 90.84 out of 100. Despite receiving reminders, Owner did not submit any corrections, nor did they request an extension even though the Compliance Division can grant a 90-day extension for good cause. The NSPIRE inspection was referred for an administrative penalty on November 15, 2024.
3. Casualty Loss at CMTS 2509: Owner submitted a casualty loss form on July 2, 2024, claiming that a fire occurred in unit 328 on June 25, 2024. There is normally a two-year restoration period for casualty loss damage under IRS Memorandum CCA 200134006. After the Owner failed to respond to email requests for more information, the Compliance Division issued a notice of noncompliance, requesting further information on or before October 8, 2024, to substantiate the casualty loss claim. Owner provided a scope of work and disclosed that four units were damaged in the fire, but despite multiple TDHCA reminders, Owner failed to provide a copy of the City of Dallas fire report or photographs of the damaged areas to substantiate the casualty loss claim. The casualty loss was referred for an administrative penalty on November 18, 2024.

4. File Monitoring at CMTS 2510: A file monitoring review was conducted on February 16, 2023, and Compliance set a corrective action deadline of May 31, 2023. The following noncompliance was referred to the Committee for an administrative penalty on July 25, 2024, and Owner has not submitted any further corrections:
 - a. Failure to provide documentation that household incomes were within prescribed limits upon initial occupancy for units 132, 214, 423, 432, 723, 737, 821, 1117, 1118, and 1224.
 - b. Failure to provide annual recertifications that were due between January 2023 and February 2023, for units 924, 432, 634, and 1022.

During its July 30, 2024 meeting, the Committee discussed the file monitoring administrative penalty referrals and pending noncompliance that had not yet been referred. The Committee voted to set an informal conference. The conference was scheduled for October, and the scheduling notice reminded Owner of the following upcoming deadlines. The conference was then rescheduled to November, at Owner's request, due to Hurricane Helene because the Owner owns properties in Florida that were affected by Hurricane Helene.

5. NSPIRE Inspection at CMTS 2510: An NSPIRE inspection was conducted on July 8, 2024, and Compliance set a corrective action deadline of October 20, 2024. The inspection scored 41.18 out of 100. Despite receiving reminders, Owner did not submit any corrections, nor did they request an extension even though the Compliance Division can grant a 90-day extension for good cause. The NSPIRE inspection was referred for an administrative penalty on October 22, 2024.

ADMINISTRATIVE PENALTY FACTORS: Owner participated in an informal conference with the Enforcement Committee on November 21, 2024. The Enforcement Committee analyzed the required statutory factors for determining an appropriate administrative penalty as follows:

1. **The seriousness, extent, and gravity of the violations:** Most of the violations for CMTS 2509 are not severe, however, the owner's failure to cooperate with inquiries regarding the casualty loss is suspicious. The physical noncompliance at CMTS 2510 is extremely serious, with a score of 41.18 out of 100 on the 2024 NSPIRE inspection. Owner representatives stated that vagrants are going into vacant units and causing some of the cited damage on the inspection report. Security should be a higher priority, and this situation is likely compounding existing problems at the property since it will cause other tenants to move out, leading to more vacant units in a vicious cycle that is difficult to break. File monitoring noncompliance is also serious, with the owner failing to submit any substantive response for file monitoring noncompliance at CMTS 2510.
2. **Hazard posed to the health or safety of the public:** The 2024 NSPIRE inspection for CMTS 2509 scored 90.84 out of 100, so the hazard posed is minor for CMTS 2509. The

condition of CMTS 2510 is poor, however, scoring 41.18 out of 100 on the 2024 NSPIRE inspection. This poor physical condition seems to be fairly recent, with TDHCA's 2018 and 2021 inspections scoring above average. The property was purchased in 2022, and the owner intended to renovate, but those plans appear to have stalled for CMTS 2510. Leaving units vacant for renovation could have unintentionally contributed to decline and the vagrancy issue noted above.

- 3. Hazard posed to the public's economic welfare:** Owner representatives stated that they think residents are income qualified, but admitted that they do not have good file documentation. If residents do qualify, then the economic impact of the file violations would be minor, but this cannot be confirmed until the owner submits the requested tenant files. There could be an economic impact if TDHCA determines that units are leased to non-qualified households. There is also an economic impact to having so many vacant units that are not available to rent at CMTS 2510.
- 4. Efforts made to correct the violations:** The plan submitted for the initial file referral for CMTS 2509 included promise for a substantial rehabilitation, however, that plan was violated and owner cooperation since then has been limited, with multiple additional penalty referrals received. Renovation plans appear to have stagnated. Owner could have requested good cause extensions for the NSPIRE noncompliance, but did not submit any corrections or an extension request despite Committee reminders. Owner also failed to cooperate with requests for documentation to substantiate the fire casualty loss. Owner representatives do not appear to understand how serious the matter is, and did not present a coherent plan for resolution during the informal conference. The owner purchased the properties in 2022, however, the excuse that they are a new owner has long since expired. The properties had a lot of onsite staff and supervisory turn-over, and there is no discernible improvement to their monitoring procedures over time.
- 5. Any other matters that justice may require:** This appears to be a purchase by an investor who did not realize how much work is involved with renovating a property of this age, or that owning multifamily affordable housing in Texas subject to a Department LURA is not a passive investment. The scope of work for the planned rehabilitation was compounded by security issues, which have led to high turn-over by staff at the property and a chaotic approach toward TDHCA noncompliance. There is a long road ahead and a large capital investment is needed to stabilize the property now that conditions have declined. Building confidence for tenants and staff will take time and investment.
- 6. Amount necessary to deter future violations:** The person in control, Jon Venetos, has been silent for these enforcement matters (leaving reporting to the property management company), and is unlikely to take the matter seriously without a significant penalty assessment. However, while the penalty amount needs to be big enough to get his attention and incentivize resolution, the Department also needs the owner to fix the units in order to improve living conditions for tenants and address the vacancy issue,

which will require significant investment as noted above. The penalty cannot be so large that it risks causing the property to fail, but it must be large enough to get the owner's attention. TDHCA will physically inspect again during 2025 due to the poor NSPIRE score, and the owner will be referred for debarment if CMTS 2510 again scores below 50. Potential future debarment serves as additional incentive to make improvements to avoid further administrative penalty referrals. In light of the above factors, the Enforcement Committee recommends Agreed Final Orders for CMTS 2509 and CMTS 2510, assessing administrative penalties of \$8,425.00 and \$25,000.00, respectively, with 50% of each penalty amount to be forgiven if all noncompliance is addressed as outlined in the Agreed Final Orders on or before April 30, 2025 for the file monitoring and casualty loss noncompliance, and on or before June 30, 2025 for physical noncompliance.

AGREED FINAL ORDER RECOMMENDED: Owner has agreed to sign Agreed Final Orders for CMTS 2509 and CMTS 2510.

Consistent with direction from the Department's Enforcement Committee, a probated and, upon successful completion of probation, partially forgivable administrative penalty in the amounts of \$8,425.00 for CMTS 2509 and \$25,000.00 for CMTS 2510, with 50% of each penalty amount to be forgiven if all noncompliance is addressed as required by the respective orders. This will be a reportable item of consideration under previous participation for any new award to the principals of the Owner.

Highland Bluffs II: (Multiple Units)

Results By Area (w Summaries)

NSPIRE

Scheduled: 07/08/2024

Closed: Jul 08 2024

ID: 536802

Score: 90.84

Scoring Summary - NSPIRE

Units Inspected: 8 HUD Samp. Size: 8	Outside		Inside		Unit		Totals	
	#	Pts	#	Pts	#	Pts	#	Pts
Life Threatening	1	6.20	0	0.00	0	0.00	1	6.20
Severe	0	0.00	1	1.68	0	0.00	1	1.68
Moderate	0	0.00	0	0.00	1	0.69	1	0.69
Low	0	0.00	0	0.00	2	0.60	2	0.60
Totals	1	6.20	1	1.68	3	1.29	5	9.17

Score	90.84*
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Message	Non-scoring findings excluded from score: (Smoke Detectors), Repeated HUD Standard findings within an area are counted only once
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Inspection Results

Outside										
21	Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Fix By	
	Alternate Location - See Notes for Details	Fire Extinguisher	Fire extinguisher pressure gauge reads over- or under-charged	Outside 121	1	07/08/24 12:53 DC		LT	24H	
21 Outside NSPIRE Totals										
Life Threatening: 1/6.2			Severe: 0/0			Moderate: 0/0			Low: 0/0	

Inside										
21	Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Fix By	
	Hallways & Corridors (Bldg)	Ceiling Covering and Finishes	Ceiling component(s) is not functionally adequate		2	07/08/24 12:57 DC		Severe	24H	
	Hallways & Corridors (Bldg)	Ceiling Covering and Finishes	Ceiling has sagging or dropping materials	Outside of unit 123	2	07/08/24 12:57 DC		Severe	24H	
21 Inside NSPIRE Totals										
Life Threatening: 0/0			Severe: 2/3.35			Moderate: 0/0			Low: 0/0	



Inspection Results (Continued)

Unit								
21: Unit 121								
Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Fix By
Hallways & Corridors	Smoke Alarms	Smoke alarm not installed outside a sleeping room	Upstairs hallway	3	07/08/24 12:55 DC		LT	24H
Kitchen	Refrigerator	Refrigerator door seal is damaged		4	07/08/24 12:54 DC		Mod	30D
Laundry Room	Door – General	Closet door component is missing, damaged or inoperable		5	07/08/24 12:54 DC		Low	60D
21: Unit 121 Unit NSPIRE Totals								
Life Threatening: 1/0		Severe: 0/0		Moderate: 1/0.69			Low: 1/0.3	

21: Unit 123								
Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Fix By
Entire Unit	No Issues/Violations	Inspected - No Issues Were Found			07/08/24 17:58			
21: Unit 123 Unit NSPIRE Totals								
Life Threatening: 0/0		Severe: 0/0		Moderate: 0/0			Low: 0/0	

21: Unit 125								
Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Fix By
Laundry Room	Door – General	Closet door component is missing, damaged or inoperable		6	07/08/24 13:01 DC		Low	60D
Storage Room	Door – General	Closet door component is missing, damaged or inoperable	Right of entrance	7	07/08/24 13:00 DC		Low	60D
21: Unit 125 Unit NSPIRE Totals								
Life Threatening: 0/0		Severe: 0/0		Moderate: 0/0			Low: 2/0.6	

22: Unit 212								
Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Fix By
Entire Unit	No Issues/Violations	Not Inspected - Missing Key			07/08/24 17:40			
22: Unit 212 Unit NSPIRE Totals								
Life Threatening: 0/0		Severe: 0/0		Moderate: 0/0			Low: 0/0	

22: Unit 234								
Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Fix By
Hallways & Corridors	Smoke Alarms	General Comment		8	07/08/24 12:43 DC			
Hallways & Corridors	Smoke Alarms	Smoke alarm does not produce an audio or visual alarm when tested		8	07/08/24 12:43 DC		LT	24H
22: Unit 234 Unit NSPIRE Totals								
Life Threatening: 1/0		Severe: 0/0		Moderate: 0/0			Low: 0/0	

23: Unit 323								
Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Fix By
Entire Unit	No Issues/Violations	Inspected - No Issues Were Found			07/08/24 17:48			
23: Unit 323 Unit NSPIRE Totals								
Life Threatening: 0/0		Severe: 0/0		Moderate: 0/0			Low: 0/0	

23: Unit 324								
Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Fix By
Hallways & Corridors	Smoke Alarms	Smoke alarm does not produce an audio or visual alarm when tested		9	07/08/24 12:49 DC		LT	24H
23: Unit 324 Unit NSPIRE Totals								
Life Threatening: 1/0		Severe: 0/0		Moderate: 0/0			Low: 0/0	

24: Unit 416								
Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Fix By
Entire Unit	No Issues/Violations	Inspected - No Issues Were Found			07/08/24 17:37			

*Non-Scoring *Temporary Non-Scoring *Repeat finding within the area (only 1-scored)



24: Unit 416 Unit NSPIRE Totals

Life Threatening: 0/0 Severe: 0/0 Moderate: 0/0 Low: 0/0

24: Unit 432

Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Fix By
Entire Unit	No Issues/Violations	Inspected - No Issues Were Found			07/08/24 17:34			

24: Unit 432 Unit NSPIRE Totals

Life Threatening: 0/0 Severe: 0/0 Moderate: 0/0 Low: 0/0

¹Non-Scoring ²Temporary Non-Scoring ³Repeat finding within the area (only 1-scored)



Highland Bluffs I: (Multiple Units)

Results By Area (w Summaries)

NSPIRE

Scheduled: 07/08/2024

Closed: Jul 08 2024

ID: 536803

Score: 41.18

Scoring Summary - NSPIRE

Units Inspected: 38 HUD Samp. Size: 19	Outside		Inside		Unit		Totals	
	#	Pts	#	Pts	#	Pts (Adj)	#	Pts
Life Threatening	1	2.61	0	0.00	28	44.21	29	46.82
Severe	0	0.00	3	2.12	18	7.01	21	9.13
Moderate	0	0.00	0	0.00	19	2.75	19	2.75
Low	0	0.00	0	0.00	2	0.13	2	0.13
Totals	1	2.61	3	2.12	67	54.10	71	58.83

Score	41.18*	Note: The unit points are adjusted based on the count of units inspected and not the HUD-defined unit sample size. Outside and Inside points are based on the HUD Sample Size.
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Message	Non-scoring findings excluded from score: (Smoke Detectors), Temporary non-scoring findings excluded from score, Repeated HUD Standard findings within an area are counted only once
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Inspection Results

Outside										
12	Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts (Adj)	Fix By
	Main Entry	Conductors, Outlets, Switches	General Comment		1	07/08/24 11:59 DC				
	Main Entry	Conductors, Outlets, Switches	Electrical conductor is not properly insulated/enclosed	Outside unit 1216	1	07/08/24 11:59 DC		LT		24H
12 Outside NSPIRE Totals										
Life Threatening: 1/2.61			Severe: 0/0			Moderate: 0/0			Low: 0/0	

Inside										
1	Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts (Adj)	Fix By
	Hallways & Corridors (Bldg)	Ceiling Covering and Finishes	Ceiling component(s) is not functionally adequate		2	07/08/24 08:58 DC		Severe		24H
	Hallways & Corridors (Bldg)	Ceiling Covering and Finishes	Ceiling has sagging or dropping materials	Outside of unit 134	2	07/08/24 08:58 DC		Severe		24H
1 Inside NSPIRE Totals										
Life Threatening: 0/0			Severe: 2/1.41			Moderate: 0/0			Low: 0/0	



Inspection Results (Continued)

2									
Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts (Adj)	Fix By
Hallways & Corridors (Bldg)	Sharp Edges	Any item or component has a sharp edge that can puncture or cut	Outside unit 212	4	07/08/24 09:04 DC		Severe		24H

2 Inside NSPIRE Totals

Life Threatening: 0/0 Severe: 1/0.71 Moderate: 0/0 Low: 0/0

10									
Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts (Adj)	Fix By
Hallways & Corridors (Bldg)	Ceiling Covering and Finishes	Ceiling has sagging or dropping materials	Outside unit 1033	3	07/08/24 10:58 DC		Severe		24H

10 Inside NSPIRE Totals

Life Threatening: 0/0 Severe: 1/0.71 Moderate: 0/0 Low: 0/0

Unit									
1: Unit 111									
Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts (Adj)	Fix By
Laundry Room	GFCI/AFCI	Missing GFCI protection on outlet within Six Feet of water source		5	07/08/24 08:54 DC		Severe	0.00 ²	24H

1: Unit 111 Unit NSPIRE Totals

Life Threatening: 0/0 Severe: 1/0 Moderate: 0/0 Low: 0/0

1: Unit 113									
Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts (Adj)	Fix By
Bathroom 1	Conductors, Outlets, Switches	Electrical conductor is not properly insulated/enclosed		6	07/08/24 08:55 DC		LT	1.58 ³	24H
Bathroom 1	Conductors, Outlets, Switches	Electrical conductor is not properly insulated/enclosed		7	07/08/24 08:56 DC		LT	1.58 ³	24H
Bathroom 1	Toilet	Toilet is missing (only toilet in unit)		8	07/08/24 08:56 DC		LT	1.58	24H
Bedroom 1	Floor Covering and Finishes	10% or more of the floor substrate area is exposed in any room		9	07/08/24 08:55 DC		Mod	0.14	30D
Entire Area	Entire Location	General Comment	Unit is vaccent		07/08/24 08:56 DC			0.00 ¹	
Kitchen	Cooking Appliance	Primary cooking appliance is missing	Missing stove	10	07/08/24 08:56 DC		Severe	0.00 ²	24H

1: Unit 113 Unit NSPIRE Totals

Life Threatening: 3/4.74 Severe: 1/0 Moderate: 1/0.14 Low: 0/0

1: Unit 134									
Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts (Adj)	Fix By
Bathroom 1	Toilet	Toilet is damaged or inoperable (not only toilet in unit)	Missing handle	11	07/08/24 08:59 DC		Mod	0.14	30D
Bedroom 1	Smoke Alarms	Smoke alarm does not produce an audio or visual alarm when tested		12	07/08/24 09:00 DC		LT	0.00 ¹	24H
Bedroom 2	Sprinkler Assembly	Sprinkler head escutcheon is missing		13	07/08/24 09:01 DC		LT	1.58	24H

1: Unit 134 Unit NSPIRE Totals

Life Threatening: 2/1.58 Severe: 0/0 Moderate: 1/0.14 Low: 0/0

2: Unit 214									
Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts (Adj)	Fix By
Bathroom 1	Sharp Edges	Any item or component has a sharp edge that can puncture or cut		68	07/08/24 09:11 DC		Severe	0.39	24H
Bathroom 2	Conductors, Outlets, Switches	Electrical conductor is not properly insulated/enclosed	Bathroom two above the shower	69	07/08/24 09:14 DC		LT	1.58 ³	24H
Kitchen	Mold-Like Substances	Moisture damage on a surface from 1 to 9 S.F. (Units)		70	07/08/24 09:12 DC		Severe	0.39	24H
Laundry Room	Conductors, Outlets, Switches	Electrical conductor is not properly insulated/enclosed		71	07/08/24 09:12 DC		LT	1.58 ³	24H
Laundry Room	GFCI/AFCI	Missing GFCI protection on outlet within Six Feet of water source		72	07/08/24 09:11 DC		Severe	0.00 ²	24H

¹Non-Scoring ²Temporary Non-Scoring ³Repeat finding within the area (only 1-scored) *Note: Unit points adjusted to reflect the actual unit count



Inspection Results (Continued)

2: Unit 214 (Continued)

Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts (Adj)	Fix By
Living Room	Ceiling Covering and Finishes	Ceiling has sagging or dropping materials		73	07/08/24 09:10 DC		Severe	0.39	24H

2: Unit 214 Unit NSPIRE Totals

Life Threatening: 2/3.16 Severe: 4/1.17 Moderate: 0/0 Low: 0/0

2: Unit 216

Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts (Adj)	Fix By
Bathroom 1	Door – General	A passage door component is damaged/missing/inoperable		74	07/08/24 09:17 DC		Low	0.06	60D
Bathroom 1	Toilet	Toilet is missing (not only toilet in unit)		75	07/08/24 09:17 DC		Mod	0.14	30D
Bathroom 2	Conductors, Outlets, Switches	Electrical conductor is not properly insulated/enclosed		76	07/08/24 09:19 DC		LT	1.58 ³	24H
Kitchen	Conductors, Outlets, Switches	Electrical conductor is not properly insulated/enclosed	Right ofmsink	77	07/08/24 09:18 DC		LT	1.58 ³	24H
Kitchen	Cooking Appliance	Primary cooking appliance is missing	Missing stove	78	07/08/24 09:18 DC		Severe	0.00 ²	24H
Laundry Room	GFCI/AFCI	Missing GFCI protection on outlet within Six Feet of water source		79	07/08/24 09:18 DC		Severe	0.00 ²	24H
Living Room	Conductors, Outlets, Switches	Electrical conductor is not properly insulated/enclosed	Right of emtramce	80	07/08/24 09:16 DC		LT	1.58 ³	24H
Living Room	HVAC Equipment	HVAC exhaust vent is damaged or missing		81	07/08/24 09:16 DC		LT	1.58 ³	24H
Living Room	HVAC Equipment	HVAC exhaust vent is damaged or missing		82	07/08/24 09:17 DC		LT	1.58 ³	24H

2: Unit 216 Unit NSPIRE Totals

Life Threatening: 5/7.89 Severe: 2/0 Moderate: 1/0.14 Low: 1/0.06

2: Unit 221

Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts (Adj)	Fix By
Bathroom 1	Ceiling Covering and Finishes	Ceiling has sagging or dropping materials		83	07/08/24 09:07 DC		Severe	0.39	24H
Bathroom 1	GFCI/AFCI	GFCI outlet or GFCI breaker reset button does not test (No visible damage)		84	07/08/24 09:06 DC		Severe	0.39	24H
Bathroom 2	Sink	Sink is clogged/not draining	Master bath	85	07/08/24 09:07 DC		Mod	0.14	30D

2: Unit 221 Unit NSPIRE Totals

Life Threatening: 0/0 Severe: 2/0.78 Moderate: 1/0.14 Low: 0/0

2: Unit 226

Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts (Adj)	Fix By
Bedroom 2	Sprinkler Assembly	Sprinkler head escutcheon is missing		86	07/08/24 09:21 DC		LT	1.58	24H
Laundry Room	GFCI/AFCI	Missing GFCI protection on outlet within Six Feet of water source		87	07/08/24 09:21 DC		Severe	0.00 ²	24H

2: Unit 226 Unit NSPIRE Totals

Life Threatening: 1/1.58 Severe: 1/0 Moderate: 0/0 Low: 0/0

3: Unit 311

Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts (Adj)	Fix By
Kitchen	Infestation	Evidence of cockroaches (Live, Dead, or Other Evidence)		88	07/08/24 09:25 DC		Mod	0.14	30D
Kitchen	Refrigerator	Refrigerator door handle is damaged		89	07/08/24 09:25 DC		Mod	0.14	30D

3: Unit 311 Unit NSPIRE Totals

Life Threatening: 0/0 Severe: 0/0 Moderate: 2/0.29 Low: 0/0

3: Unit 321

Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts (Adj)	Fix By
Laundry Room	GFCI/AFCI	Missing GFCI protection on outlet within Six Feet of water source		90	07/08/24 09:28 DC		Severe	0.00 ²	24H

¹Non-Scoring ²Temporary Non-Scoring ³Repeat finding within the area (only 1-scored) *Note: Unit points adjusted to reflect the actual unit count

Inspection Results (Continued)

3: Unit 321 (Continued)

Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts (Adj)	Fix By
Living Room	Sprinkler Assembly	Sprinkler head escutcheon is missing	Above entry way	91	07/08/24 09:27 DC		LT	1.58	24H

3: Unit 321 Unit NSPIRE Totals

Life Threatening: 1/1.58 Severe: 1/0 Moderate: 0/0 Low: 0/0

3: Unit 324

Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts (Adj)	Fix By
Bathroom 1	Mold-Like Substances	Moisture damage on a surface from 1 to 9 S.F. (Units)		92	07/08/24 09:31 DC		Severe	0.39	24H
Bathroom 1	Toilet	Toilet is not secured at base/loose		93	07/08/24 09:30 DC		Mod	0.14 ³	30D
Bathroom 2	Ceiling Covering and Finishes	Ceiling component(s) is not functionally adequate		94	07/08/24 09:33 DC		Severe	0.39	24H
Bathroom 2	Toilet	Toilet is not secured at base/loose		95	07/08/24 09:32 DC		Mod	0.14 ³	30D
Bedroom 2	Smoke Alarms	Smoke alarm not installed in a sleeping room		96	07/08/24 09:32 DC		LT	0.00 ¹	24H
Kitchen	Infestation	Evidence of cockroaches (Live, Dead, or Other Evidence)		97	07/08/24 09:31 DC		Mod	0.14	30D
Laundry Room	GFCI/AFCI	Missing GFCI protection on outlet within Six Feet of water source		98	07/08/24 09:32 DC		Severe	0.00 ²	24H

3: Unit 324 Unit NSPIRE Totals

Life Threatening: 1/0 Severe: 3/0.78 Moderate: 3/0.43 Low: 0/0

4: Unit 412

Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts (Adj)	Fix By
Entire Unit	No Issues/Violations	Not Inspected - Key Does Not Work			07/08/24 14:46			0.00 ¹	

4: Unit 412 Unit NSPIRE Totals

Life Threatening: 0/0 Severe: 0/0 Moderate: 0/0 Low: 0/0

4: Unit 417

Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts (Adj)	Fix By
Bedroom 1	Smoke Alarms	Smoke alarm not installed in a sleeping room		99	07/08/24 09:43 DC		LT	0.00 ¹	24H
Bedroom 2	Smoke Alarms	Smoke alarm not installed in a sleeping room		100	07/08/24 09:44 DC		LT	0.00 ¹	24H
Entire Area	Entire Location	General Comment	Unit is vacant and in rehab		07/08/24 09:45 DC			0.00 ¹	
Hallways & Corridors	Conductors, Outlets, Switches	Electrical conductor is not properly insulated/enclosed		101	07/08/24 09:44 DC		LT	1.58	24H
Kitchen	GFCI/AFCI	GFCI outlet or GFCI breaker reset button does not test (No visible damage)	Right of sink	102	07/08/24 09:45 DC		Severe	0.39	24H
Laundry Room	GFCI/AFCI	Missing GFCI protection on outlet within Six Feet of water source		103	07/08/24 09:45 DC		Severe	0.00 ²	24H
Living Room	Sharp Edges	Any item or component has a sharp edge that can puncture or cut	Broken window right of entrance in living room	104	07/08/24 09:43 DC		Severe	0.39	24H
Living Room	Window	A unit window is damaged or missing affecting illumination or protection from the elements		105	07/08/24 09:42 DC		Mod	0.14	30D

4: Unit 417 Unit NSPIRE Totals

Life Threatening: 3/1.58 Severe: 3/0.78 Moderate: 1/0.14 Low: 0/0

4: Unit 423

Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts (Adj)	Fix By
Laundry Room	GFCI/AFCI	Missing GFCI protection on outlet within Six Feet of water source		106	07/08/24 09:38 DC		Severe	0.00 ²	24H

4: Unit 423 Unit NSPIRE Totals

Life Threatening: 0/0 Severe: 1/0 Moderate: 0/0 Low: 0/0

¹Non-Scoring ²Temporary Non-Scoring ³Repeat finding within the area (only 1-scored) *Note: Unit points adjusted to reflect the actual unit count

Inspection Results (Continued)

5: Unit 511

Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts (Adj)	Fix By
Bathroom 1	Conductors, Outlets, Switches	Electrical conductor is not properly insulated/enclosed	Above shower master bathroom	107	07/08/24 09:49 DC		LT	1.58 ³	24H
Bedroom 1	Conductors, Outlets, Switches	Electrical conductor is not properly insulated/enclosed		108	07/08/24 09:49 DC		LT	1.58 ³	24H
Bedroom 1	Conductors, Outlets, Switches	Exposed electrical conductor		109	07/08/24 09:50 DC		LT	1.58 ³	24H
Bedroom 1	Conductors, Outlets, Switches	Exposed electrical conductor		110	07/08/24 09:50 DC		LT	1.58 ³	24H
Bedroom 1	Sharp Edges	Any item or component has a sharp edge that can puncture or cut		111	07/08/24 09:50 DC		Severe	0.39	24H
Bedroom 1	Smoke Alarms	Smoke alarm not installed in a sleeping room		112	07/08/24 09:49 DC		LT	0.00 ¹	24H
Bedroom 1	Window	A unit window is damaged or missing affecting illumination or protection from the elements		113	07/08/24 09:50 DC		Mod	0.14	30D
Bedroom 2	Smoke Alarms	Smoke alarm not installed in a sleeping room		114	07/08/24 09:50 DC		LT	0.00 ¹	24H
Entire Area	Entire Location	General Comment	Unit is vacant and in rehab		07/08/24 09:52 DC			0.00 ¹	
Hallways & Corridors	Smoke Alarms	Smoke alarm not installed outside a sleeping room		115	07/08/24 09:49 DC		LT	0.00 ¹	24H
Kitchen	Conductors, Outlets, Switches	Electrical conductor is not properly insulated/enclosed	Above stove hookup	116	07/08/24 09:48 DC		LT	1.58 ³	24H
Kitchen	Cooking Appliance	Primary cooking appliance is missing		117	07/08/24 09:48 DC		Severe	0.00 ²	24H
Living Room	Ceiling Covering and Finishes	Ceiling component(s) is not functionally adequate		118	07/08/24 09:47 DC		Severe	0.39	24H

5: Unit 511 Unit NSPIRE Totals

Life Threatening: 8/7.89 Severe: 3/0.78 Moderate: 1/0.14 Low: 0/0

5: Unit 516

Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts (Adj)	Fix By
Entire Unit	No Issues/Violations	Not Inspected - Missing Key			07/08/24 14:56			0.00 ¹	

5: Unit 516 Unit NSPIRE Totals

Life Threatening: 0/0 Severe: 0/0 Moderate: 0/0 Low: 0/0

5: Unit 524

Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts (Adj)	Fix By
Entire Unit	No Issues/Violations	Not Inspected - Missing Key			07/08/24 14:57			0.00 ¹	

5: Unit 524 Unit NSPIRE Totals

Life Threatening: 0/0 Severe: 0/0 Moderate: 0/0 Low: 0/0

6: Unit 612

Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts (Adj)	Fix By
Entire Unit	No Issues/Violations	Inspected - No Issues Were Found			07/08/24 15:03			0.00 ¹	

6: Unit 612 Unit NSPIRE Totals

Life Threatening: 0/0 Severe: 0/0 Moderate: 0/0 Low: 0/0

6: Unit 616

Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts (Adj)	Fix By
Bathroom 1	Ceiling Covering and Finishes	General Comment		119	07/08/24 10:09 DC			0.00 ¹	
Bathroom 1	Ceiling Covering and Finishes	Ceiling component(s) is not functionally adequate		119	07/08/24 10:09 DC		Severe	0.39 ³	24H
Bedroom 1	Ceiling Covering and Finishes	General Comment		120	07/08/24 10:08 DC			0.00 ¹	
Bedroom 1	Ceiling Covering and Finishes	Ceiling component(s) is not functionally adequate		120	07/08/24 10:08 DC		Severe	0.39 ³	24H
Bedroom 1	Door – General	General Comment		121	07/08/24 10:08 DC			0.00 ¹	

¹Non-Scoring ²Temporary Non-Scoring ³Repeat finding within the area (only 1-scored) *Note: Unit points adjusted to reflect the actual unit count



Inspection Results (Continued)

6: Unit 616 (Continued)

Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts (Adj)	Fix By
Bedroom 1	Door – General	Closet door component is missing, damaged or inoperable		121	07/08/24 10:08 DC		Low	0.06	60D
Bedroom 1	Mold-Like Substances	General Comment		122	07/08/24 10:08 DC			0.00 ¹	
Bedroom 1	Mold-Like Substances	Moisture damage on a surface more than 9 S.F. (Units)		122	07/08/24 10:08 DC		LT	1.58	24H
Bedroom 2	Conductors, Outlets, Switches	General Comment		123	07/08/24 10:09 DC			0.00 ¹	
Bedroom 2	Conductors, Outlets, Switches	Electrical conductor is not properly insulated/enclosed		123	07/08/24 10:09 DC		LT	1.58	24H
Living Room	Ceiling Covering and Finishes	General Comment		124	07/08/24 10:07 DC			0.00 ¹	
Living Room	Ceiling Covering and Finishes	Ceiling component(s) is not functionally adequate		124	07/08/24 10:07 DC		Severe	0.39 ³	24H
Living Room	Floor Covering and Finishes	General Comment		125	07/08/24 10:07 DC			0.00 ¹	
Living Room	Floor Covering and Finishes	10% or more of the floor substrate area is exposed in any room		125	07/08/24 10:07 DC		Mod	0.14	30D
Living Room	Mold-Like Substances	General Comment		126	07/08/24 10:07 DC			0.00 ¹	
Living Room	Mold-Like Substances	Moisture damage on a surface from 1 to 9 S.F. (Units)		126	07/08/24 10:07 DC		Severe	0.39	24H

6: Unit 616 Unit NSPIRE Totals

Life Threatening: 2/3.16 Severe: 4/1.56 Moderate: 1/0.14 Low: 1/0.06

6: Unit 623

Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts (Adj)	Fix By
Bedroom 2	Sprinkler Assembly	Sprinkler head escutcheon is missing	Master bedroom	127	07/08/24 10:05 DC		LT	1.58	24H
Living Room	Ceiling Covering and Finishes	Ceiling component(s) is not functionally adequate		128	07/08/24 10:04 DC		Severe	0.39	24H

6: Unit 623 Unit NSPIRE Totals

Life Threatening: 1/1.58 Severe: 1/0.39 Moderate: 0/0 Low: 0/0

7: Unit 712

Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts (Adj)	Fix By
Bedroom 1	Smoke Alarms	General Comment		129	07/08/24 10:17 DC			0.00 ¹	
Bedroom 1	Smoke Alarms	Smoke alarm not installed in a sleeping room		129	07/08/24 10:17 DC		LT	0.00 ¹	24H
Bedroom 2	Smoke Alarms	General Comment			07/08/24 10:17 DC			0.00 ¹	
Bedroom 2	Sprinkler Assembly	General Comment		130	07/08/24 10:18 DC			0.00 ¹	
Bedroom 2	Sprinkler Assembly	Sprinkler head escutcheon is missing		130	07/08/24 10:18 DC		LT	1.58 ³	24H
Hallways & Corridors	Smoke Alarms	General Comment		131	07/08/24 10:17 DC			0.00 ¹	
Hallways & Corridors	Smoke Alarms	Smoke alarm not installed outside a sleeping room		131	07/08/24 10:17 DC		LT	0.00 ¹	24H
Hallways & Corridors	Sprinkler Assembly	General Comment		132	07/08/24 10:17 DC			0.00 ¹	
Hallways & Corridors	Sprinkler Assembly	Sprinkler head escutcheon is missing		132	07/08/24 10:17 DC		LT	1.58 ³	24H
Kitchen	Refrigerator	General Comment		133	07/08/24 10:18 DC			0.00 ¹	
Kitchen	Refrigerator	Refrigerator door seal is damaged		133	07/08/24 10:18 DC		Mod	0.14	30D
Living Room	Sprinkler Assembly	General Comment		134	07/08/24 10:16 DC			0.00 ¹	
Living Room	Sprinkler Assembly	Sprinkler head escutcheon is missing		134	07/08/24 10:16 DC		LT	1.58 ³	24H

7: Unit 712 Unit NSPIRE Totals

Life Threatening: 5/4.74 Severe: 0/0 Moderate: 1/0.14 Low: 0/0

¹Non-Scoring ²Temporary Non-Scoring ³Repeat finding within the area (only 1-scored) *Note: Unit points adjusted to reflect the actual unit count

Inspection Results (Continued)

7: Unit 721

Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts (Adj)	Fix By
Bathroom 1	Sprinkler Assembly	Sprinkler head is encased/obstructed		135	07/08/24 10:20 DC		LT	1.58	24H
Bedroom 1	Smoke Alarms	Smoke alarm not installed in a sleeping room		136	07/08/24 10:20 DC		LT	0.00 ¹	24H
Bedroom 1	Sprinkler Assembly	Sprinkler head escutcheon is missing		137	07/08/24 10:20 DC		LT	1.58	24H
Bedroom 2	Smoke Alarms	Smoke alarm not installed in a sleeping room		138	07/08/24 10:21 DC		LT	0.00 ¹	24H
Hallways & Corridors	Smoke Alarms	Smoke alarm not installed outside a sleeping room		139	07/08/24 10:20 DC		LT	0.00 ¹	24H

7: Unit 721 Unit NSPIRE Totals

Life Threatening: 5/3.16 Severe: 0/0 Moderate: 0/0 Low: 0/0

7: Unit 725

Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts (Adj)	Fix By
Bathroom 2	GFCI/AFCI	General Comment		140	07/08/24 10:40 DC			0.00 ¹	
Bathroom 2	GFCI/AFCI	Missing GFCI protection on outlet within Six Feet of water source	Left of sink	140	07/08/24 10:40 DC		Severe	0.00 ²	24H
Laundry Room	GFCI/AFCI	General Comment		141	07/08/24 10:39 DC			0.00 ¹	
Laundry Room	GFCI/AFCI	Missing GFCI protection on outlet within Six Feet of water source		141	07/08/24 10:39 DC		Severe	0.00 ²	24H

7: Unit 725 Unit NSPIRE Totals

Life Threatening: 0/0 Severe: 2/0 Moderate: 0/0 Low: 0/0

8: Unit 813

Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts (Adj)	Fix By
Bathroom 1	Toilet	Toilet is not secured at base/loose		142	07/08/24 10:25 DC		Mod	0.14	30D
Laundry Room	GFCI/AFCI	Missing GFCI protection on outlet within Six Feet of water source		143	07/08/24 10:26 DC		Severe	0.00 ²	24H

8: Unit 813 Unit NSPIRE Totals

Life Threatening: 0/0 Severe: 1/0 Moderate: 1/0.14 Low: 0/0

8: Unit 817

Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts (Adj)	Fix By
Living Room	Conductors, Outlets, Switches	General Comment		144	07/08/24 10:35 DC			0.00 ¹	
Living Room	Conductors, Outlets, Switches	Exposed electrical conductor		144	07/08/24 10:35 DC		LT	1.58	24H
Living Room	Smoke Alarms	General Comment		145	07/08/24 10:35 DC			0.00 ¹	
Living Room	Smoke Alarms	Smoke alarm not installed outside a sleeping room		145	07/08/24 10:35 DC		LT	0.00 ¹	24H

8: Unit 817 Unit NSPIRE Totals

Life Threatening: 2/1.58 Severe: 0/0 Moderate: 0/0 Low: 0/0

8: Unit 822 alternate for 824

Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts (Adj)	Fix By
Bedroom 1	Smoke Alarms	General Comment		146	07/08/24 10:31 DC			0.00 ¹	
Bedroom 1	Smoke Alarms	Smoke alarm not installed in a sleeping room		146	07/08/24 10:31 DC		LT	0.00 ¹	24H
Laundry Room	GFCI/AFCI	General Comment		147	07/08/24 10:32 DC			0.00 ¹	
Laundry Room	GFCI/AFCI	Missing GFCI protection on outlet within Six Feet of water source		147	07/08/24 10:32 DC		Severe	0.00 ²	24H

8: Unit 822 alternate for 824 Unit NSPIRE Totals

Life Threatening: 1/0 Severe: 1/0 Moderate: 0/0 Low: 0/0

¹Non-Scoring ²Temporary Non-Scoring ³Repeat finding within the area (only 1-scored) *Note: Unit points adjusted to reflect the actual unit count

Inspection Results (Continued)

9: Unit 912

Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts (Adj)	Fix By
Bedroom 1	Sprinkler Assembly	Sprinkler head escutcheon is missing		148	07/08/24 10:42 DC		LT	1.58	24H
Kitchen	Infestation	Evidence of cockroaches (Live, Dead, or Other Evidence)		149	07/08/24 10:43 DC		Mod	0.14	30D
Laundry Room	GFCI/AFCI	Missing GFCI protection on outlet within Six Feet of water source		150	07/08/24 10:42 DC		Severe	0.00 ²	24H

9: Unit 912 Unit NSPIRE Totals

Life Threatening: 1/1.58 Severe: 1/0 Moderate: 1/0.14 Low: 0/0

9: Unit 915

Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts (Adj)	Fix By
Bedroom 1	Sprinkler Assembly	Sprinkler assembly component is missing or damaged		151	07/08/24 10:45 DC		LT	1.58	24H
Kitchen	Sprinkler Assembly	Sprinkler head escutcheon is missing		152	07/08/24 10:46 DC		LT	1.58	24H
Laundry Room	GFCI/AFCI	Missing GFCI protection on outlet within Six Feet of water source		153	07/08/24 10:45 DC		Severe	0.00 ²	24H

9: Unit 915 Unit NSPIRE Totals

Life Threatening: 2/3.16 Severe: 1/0 Moderate: 0/0 Low: 0/0

9: Unit 926

Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts (Adj)	Fix By
Entire Unit	No Issues/Violations	Not Inspected - Missing Key			07/08/24 15:49			0.00 ¹	

9: Unit 926 Unit NSPIRE Totals

Life Threatening: 0/0 Severe: 0/0 Moderate: 0/0 Low: 0/0

10: Unit 1013

Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts (Adj)	Fix By
Bedroom 1	Smoke Alarms	Smoke alarm does not produce an audio or visual alarm when tested		14	07/08/24 10:51 DC		LT	0.00 ¹	24H
Bedroom 2	Smoke Alarms	Smoke alarm not installed in a sleeping room		15	07/08/24 10:53 DC		LT	0.00 ¹	24H
Kitchen	Infestation	Evidence of cockroaches (Live, Dead, or Other Evidence)		16	07/08/24 10:52 DC		Mod	0.14	30D
Laundry Room	GFCI/AFCI	Missing GFCI protection on outlet within Six Feet of water source		17	07/08/24 10:52 DC		Severe	0.00 ²	24H

10: Unit 1013 Unit NSPIRE Totals

Life Threatening: 2/0 Severe: 1/0 Moderate: 1/0.14 Low: 0/0

10: Unit 1022

Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts (Adj)	Fix By
Bedroom 1	Smoke Alarms	Smoke alarm not installed in a sleeping room		18	07/08/24 10:55 DC		LT	0.00 ¹	24H
Hallways & Corridors	Smoke Alarms	Smoke alarm not installed outside a sleeping room		19	07/08/24 10:57 DC		LT	0.00 ¹	24H
Kitchen	Refrigerator	Refrigerator door seal is damaged		20	07/08/24 10:56 DC		Mod	0.14	30D
Laundry Room	Conductors, Outlets, Switches	Electrical conductor is not properly insulated/enclosed		21	07/08/24 10:56 DC		LT	1.58	24H
Laundry Room	GFCI/AFCI	Missing GFCI protection on outlet within Six Feet of water source		22	07/08/24 10:56 DC		Severe	0.00 ²	24H
Living Room	Sprinkler Assembly	Sprinkler head escutcheon is missing		23	07/08/24 10:55 DC		LT	1.58	24H

10: Unit 1022 Unit NSPIRE Totals

Life Threatening: 4/3.16 Severe: 1/0 Moderate: 1/0.14 Low: 0/0

10: Unit 1033 alternate for 1031

Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts (Adj)	Fix By
Bedroom 1	Smoke Alarms	Smoke alarm not installed in a sleeping room		24	07/08/24 10:59 DC		LT	0.00 ¹	24H
Bedroom 2	Sprinkler Assembly	General Comment		25	07/08/24 11:01 DC			0.00 ¹	

¹Non-Scoring ²Temporary Non-Scoring ³Repeat finding within the area (only 1-scored) *Note: Unit points adjusted to reflect the actual unit count



Inspection Results (Continued)

10: Unit 1033 alternate for 1031 (Continued)

Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts (Adj)	Fix By
Bedroom 2	Sprinkler Assembly	Sprinkler head escutcheon is missing		25	07/08/24 11:01 DC		LT	1.58	24H
Hallways & Corridors	Smoke Alarms	General Comment		26	07/08/24 11:01 DC			0.00 ¹	
Hallways & Corridors	Smoke Alarms	Smoke alarm not installed outside a sleeping room	Outside of bedroom. 2	26	07/08/24 11:01 DC		LT	0.00 ¹	24H
Kitchen	Refrigerator	Refrigerator door seal is damaged		27	07/08/24 11:00 DC		Mod	0.14	30D
Living Room	Sprinkler Assembly	Sprinkler head is encased/obstructed		28	07/08/24 10:59 DC		LT	1.58	24H

10: Unit 1033 alternate for 1031 Unit NSPIRE Totals

Life Threatening: 4/3.16 Severe: 0/0 Moderate: 1/0.14 Low: 0/0

11: Unit 1111 alternate for 1112

Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts (Adj)	Fix By
Bedroom 2	Smoke Alarms	Smoke alarm not installed in a sleeping room		29	07/08/24 11:07 DC		LT	0.00 ¹	24H

11: Unit 1111 alternate for 1112 Unit NSPIRE Totals

Life Threatening: 1/0 Severe: 0/0 Moderate: 0/0 Low: 0/0

11: Unit 1115

Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts (Adj)	Fix By
Bathroom 1	Toilet	Toilet is not secured at base/loose		30	07/08/24 11:47 DC		Mod	0.14	30D

11: Unit 1115 Unit NSPIRE Totals

Life Threatening: 0/0 Severe: 0/0 Moderate: 1/0.14 Low: 0/0

11: Unit 1118

Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts (Adj)	Fix By
Kitchen	Conductors, Outlets, Switches	Electrical conductor is not properly insulated/enclosed		31	07/08/24 11:50 DC		LT	1.58 ³	24H
Kitchen	Conductors, Outlets, Switches	Electrical conductor is not properly insulated/enclosed		32	07/08/24 11:50 DC		LT	1.58 ³	24H
Kitchen	Cooking Appliance	Primary cooking appliance is missing		33	07/08/24 11:50 DC		Severe	0.00 ²	24H
Living Room	Conductors, Outlets, Switches	Electrical conductor is not properly insulated/enclosed		34	07/08/24 11:49 DC		LT	1.58 ³	24H
Living Room	Conductors, Outlets, Switches	Electrical conductor is not properly insulated/enclosed		35	07/08/24 11:49 DC		LT	1.58 ³	24H
Living Room	Conductors, Outlets, Switches	Electrical conductor is not properly insulated/enclosed		36	07/08/24 11:49 DC		LT	1.58 ³	24H
Living Room	Conductors, Outlets, Switches	Electrical conductor is not properly insulated/enclosed		37	07/08/24 11:49 DC		LT	1.58 ³	24H
Living Room	Conductors, Outlets, Switches	Electrical conductor is not properly insulated/enclosed		38	07/08/24 11:49 DC		LT	1.58 ³	24H
Living Room	Conductors, Outlets, Switches	Electrical conductor is not properly insulated/enclosed		39	07/08/24 11:49 DC		LT	1.58 ³	24H
Living Room	Conductors, Outlets, Switches	Electrical conductor is not properly insulated/enclosed		40	07/08/24 11:50 DC		LT	1.58 ³	24H

11: Unit 1118 Unit NSPIRE Totals

Life Threatening: 9/14.21 Severe: 1/0 Moderate: 0/0 Low: 0/0

12: Unit 1211

Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts (Adj)	Fix By
Entire Unit	No Issues/Violations	Inspected - No Issues Were Found			07/08/24 16:54			0.00 ¹	

12: Unit 1211 Unit NSPIRE Totals

Life Threatening: 0/0 Severe: 0/0 Moderate: 0/0 Low: 0/0

12: Unit 1216

Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts (Adj)	Fix By
Bathroom 1	Conductors, Outlets, Switches	Electrical conductor is not properly insulated/enclosed		41	07/08/24 12:02 DC		LT	1.58 ³	24H

¹Non-Scoring ²Temporary Non-Scoring ³Repeat finding within the area (only 1-scored) *Note: Unit points adjusted to reflect the actual unit count

Inspection Results (Continued)

12: Unit 1216 (Continued)

Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts (Adj)	Fix By
Bathroom 2	Conductors, Outlets, Switches	Electrical conductor is not properly insulated/enclosed		42	07/08/24 12:03 DC		LT	1.58 ³	24H
Bedroom 1	Conductors, Outlets, Switches	Electrical conductor is not properly insulated/enclosed		43	07/08/24 12:02 DC		LT	1.58 ³	24H
Bedroom 2	Conductors, Outlets, Switches	Electrical conductor is not properly insulated/enclosed		44	07/08/24 12:02 DC		LT	1.58 ³	24H
Bedroom 2	Conductors, Outlets, Switches	Electrical conductor is not properly insulated/enclosed		45	07/08/24 12:03 DC		LT	1.58 ³	24H
Dining Room	Conductors, Outlets, Switches	Electrical conductor is not properly insulated/enclosed		46	07/08/24 12:02 DC		LT	1.58 ³	24H
Dining Room	Wall Covering and Finish – Interior	Interior wall component(s) is not functionally adequate		47	07/08/24 12:00 DC		Mod	0.14 ³	30D
Entire Area	Entire Location	General Comment	Unit is vacant and in severe rehab		07/08/24 12:03 DC			0.00 ¹	
Kitchen	Ceiling Covering and Finishes	Ceiling component(s) is not functionally adequate		48	07/08/24 11:59 DC		Severe	0.39 ³	24H
Kitchen	Conductors, Outlets, Switches	Electric outlet inoperable (no visible damage)		49	07/08/24 12:01 DC		Severe	0.39	24H
Kitchen	Conductors, Outlets, Switches	Electrical conductor is not properly insulated/enclosed		50	07/08/24 12:01 DC		LT	1.58 ³	24H
Kitchen	Wall Covering and Finish – Interior	Interior wall component(s) is not functionally adequate		51	07/08/24 12:01 DC		Mod	0.14 ³	30D
Living Room	Ceiling Covering and Finishes	Ceiling component(s) is not functionally adequate		52	07/08/24 11:59 DC		Severe	0.39 ³	24H
Living Room	Wall Covering and Finish – Interior	Interior wall component(s) is not functionally adequate		53	07/08/24 12:00 DC		Mod	0.14 ³	30D

12: Unit 1216 Unit NSPIRE Totals

Life Threatening: 7/11.05 Severe: 3/1.17 Moderate: 3/0.43 Low: 0/0

12: Unit 1222

Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts (Adj)	Fix By
Bathroom 2	GFCI/AFCI	GFCI outlet or GFCI breaker reset button does not test (No visible damage)		54	07/08/24 11:56 DC		Severe	0.39	24H
Bathroom 2	GFCI/AFCI	Missing GFCI protection on outlet within Six Feet of water source		55	07/08/24 11:56 DC		Severe	0.00 ²	24H

12: Unit 1222 Unit NSPIRE Totals

Life Threatening: 0/0 Severe: 2/0.39 Moderate: 0/0 Low: 0/0

13: Unit 1312

Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts (Adj)	Fix By
Bedroom 1	Smoke Alarms	Smoke alarm not installed in a sleeping room		56	07/08/24 12:19 DC		LT	0.00 ¹	24H
Dining Room	Sprinkler Assembly	Sprinkler head escutcheon is missing		57	07/08/24 12:18 DC		LT	1.58	24H
Hallways & Corridors	Smoke Alarms	Smoke alarm does not produce an audio or visual alarm when tested		58	07/08/24 12:19 DC		LT	0.00 ¹	24H
Laundry Room	GFCI/AFCI	Missing GFCI protection on outlet within Six Feet of water source		59	07/08/24 12:19 DC		Severe	0.00 ²	24H
Laundry Room	Smoke Alarms	Smoke alarm does not produce an audio or visual alarm when tested		60	07/08/24 12:18 DC		LT	0.00 ¹	24H

13: Unit 1312 Unit NSPIRE Totals

Life Threatening: 4/1.58 Severe: 1/0 Moderate: 0/0 Low: 0/0

13: Unit 1315

Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts (Adj)	Fix By
Laundry Room	GFCI/AFCI	Missing GFCI protection on outlet within Six Feet of water source		61	07/08/24 12:14 DC		Severe	0.00 ²	24H

13: Unit 1315 Unit NSPIRE Totals

Life Threatening: 0/0 Severe: 1/0 Moderate: 0/0 Low: 0/0

¹Non-Scoring ²Temporary Non-Scoring ³Repeat finding within the area (only 1-scored) *Note: Unit points adjusted to reflect the actual unit count



Inspection Results (Continued)

13: Unit 1321

Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts (Adj)	Fix By
Living Room	Sprinkler Assembly	Sprinkler head escutcheon is missing		62	07/08/24 12:15 DC		LT	1.58	24H

13: Unit 1321 Unit NSPIRE Totals

Life Threatening: 1/1.58 Severe: 0/0 Moderate: 0/0 Low: 0/0

14: Unit 1412

Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts (Adj)	Fix By
Bedroom 1	Smoke Alarms	Smoke alarm not installed in a sleeping room		63	07/08/24 12:23 DC		LT	0.00 ¹	24H
Bedroom 1	Sprinkler Assembly	Sprinkler head escutcheon is missing		64	07/08/24 12:23 DC		LT	1.58	24H
Hallways & Corridors	Smoke Alarms	Smoke alarm does not produce an audio or visual alarm when tested		65	07/08/24 12:22 DC		LT	0.00 ¹	24H

14: Unit 1412 Unit NSPIRE Totals

Life Threatening: 3/1.58 Severe: 0/0 Moderate: 0/0 Low: 0/0

14: Unit 1415

Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts (Adj)	Fix By
Entire Unit	No Issues/Violations	Not Inspected - Missing Key			07/08/24 17:25			0.00 ¹	

14: Unit 1415 Unit NSPIRE Totals

Life Threatening: 0/0 Severe: 0/0 Moderate: 0/0 Low: 0/0

14: Unit 1422

Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts (Adj)	Fix By
Bedroom 1	Smoke Alarms	Wall-mounted smoke alarm within 4in. of a ceiling		66	07/08/24 12:27 DC		LT	0.00 ¹	24H
Bedroom 2	Ceiling Covering and Finishes	Ceiling component(s) is not functionally adequate		67	07/08/24 12:27 DC		Severe	0.39	24H

14: Unit 1422 Unit NSPIRE Totals

Life Threatening: 1/0 Severe: 1/0.39 Moderate: 0/0 Low: 0/0

¹Non-Scoring ²Temporary Non-Scoring ³Repeat finding within the area (only 1-scored) *Note: Unit points adjusted to reflect the actual unit count

ENFORCEMENT ACTION AGAINST LURIN	§	BEFORE THE
REAL ESTATE HOLDINGS LIX, LLC WITH	§	TEXAS DEPARTMENT OF
RESPECT TO THE DECLAN II	§	HOUSING AND COMMUNITY
(FKA HIGHLAND BLUFFS II)	§	AFFAIRS
(BOND MF008 / CMTS # 2509)	§	

AGREED FINAL ORDER

General Remarks and official action taken:

On this 16th day of January, 2025, the Governing Board (“Board”) of the Texas Department of Housing and Community Affairs (“TDHCA” or “Department”) considered the matter of whether enforcement action should be taken against **LURIN REAL ESTATE HOLDINGS LIX, LLC**, a Delaware limited liability company (“Respondent”).

This Agreed Order is executed pursuant to the authority of the Administrative Procedure Act (“APA”), Tex. Gov’t Code §2001.056, which authorizes the informal disposition of contested cases. In a desire to conclude this matter without further delay and expense, the Board and Respondent agree to resolve this matter by this Agreed Final Order. The Respondent agrees to this Order for the purpose of resolving this proceeding only and without admitting or denying the findings of fact and conclusions of law set out in this Order.

Upon recommendation of the Enforcement Committee, the Board makes the following findings of fact and conclusions of law and enters this Order:

WAIVER

Respondent acknowledges the existence of their right to request a hearing as provided by Tex. Gov’t Code §2306.044, and to seek judicial review, in the District Court of Travis County, Texas, of any order as provided by Tex. Gov’t Code §2306.047. Pursuant to this compromise and settlement, the Respondent waives those rights and acknowledges the jurisdiction of the Board over Respondent.

FINDINGS OF FACT (FOF)

Jurisdiction:

1. Asmara Affordable Housing, Inc. (Prior Owner) acquired multiple properties in 1996 using proceeds from NHP Foundation – Asmara Project Series 1996A Bonds. The bonds were refinanced in 2003 using NHP Foundation – Asmara Project Series 2003 Bonds to refund Series 1996, and to finance capital improvements and necessary repairs for

multiple projects in Texas, including the The Declan II (fka Highland Bluffs II) (Property) (Bond File No. MF008 / CMTS No. 2509).

2. Prior Owner signed an Amended and Restated Regulatory and Land Use Restriction Agreement (LURA) dated as of December 1, 2003, and filed of record at Document Number 2683682 of the Official Public Records of Real Property of Dallas County, Texas (the Records). In accordance with Section 11 of the LURA, the LURA is a restrictive covenant/deed restriction encumbering the Property and binding on all successors and assigns for the full term of the LURA.
3. Respondent took ownership of the Property and signed an agreement with TDHCA to assume the duties imposed by the LURA and to comply fully with the terms thereof (Agreement to Assume and Comply), effective June 22, 2022, and filed the same in the Records at Document Number 202200178179, thereby binding Respondent to the terms of the LURA.
4. Respondent is subject to the regulatory authority of TDHCA.

Compliance Violations¹:

5. The Department conducted a file monitoring review on February 16, 2023, to determine whether Respondent complied with LURA requirements to lease units to low-income households and maintain records demonstrating eligibility. The monitoring review found violations of the LURA and TDHCA rules. Notifications of noncompliance were sent and a May 31, 2023, corrective action deadline was set, but Respondent failed to submit corrections and the TDHCA Compliance Division referred the following noncompliance for an administrative penalty:
 - a. Respondent failed to submit pre-onsite documentation, including the monitor review questionnaire, a violation of 10 TAC §10.618 (Monitoring and Inspections), which requires all developments to submit necessary documentation as requested in preparation for an upcoming monitoring review. This finding is considered unresolved.
 - b. Respondent failed to provide a social services program plan, a violation of Section 4(g) of the LURA and 10 TAC §10.619 (Monitoring for Social Services). Acceptable corrective documentation was submitted after intervention by the Enforcement Committee.
 - c. Respondent failed to provide documentation that household incomes were within prescribed limits upon initial occupancy for units 126, 212 and 425, a violation of Section 4 of the LURA and 10 TAC §10.611 (Determination,

¹ Within this Agreed Final Order, all references to violations of TDHCA Compliance Monitoring rules at 10 TAC Chapter 10 refers to the versions of the code in effect at the time of the compliance monitoring reviews and/or inspections that resulted in recording each violation. All past violations remain violations under the current code and all interim amendments.

Documentation and Certification of Annual Income), which require screening of tenants at initial occupancy to ensure qualification for the program. Acceptable corrective documentation was submitted to correct units 212 and 425 after intervention by the Enforcement Committee. Unit 126 is considered unresolved.

- d. Respondent failed to provide required annual recertifications that were due between October 2022 and February 2023, for units 126, 211, 321, 328, 416, and 426, a violation of Section 4(c) of the LURA and 10 TAC §10.612 (Tenant File Requirements), which require annual recertifications for each unit. Acceptable corrective documentation was submitted to correct units 211, 321, 416, and 426, after intervention by the Enforcement Committee. Units 126 and 328 are considered unresolved.
6. The Department conducted a National Standards for the Physical Inspection of Real Estate (NSPIRE) inspection on July 8, 2024. The inspection report at Exhibit 1 showed numerous property condition violations, a violation of 10 TAC § 10.621 (Property Condition Standards). The Department issued a notification of noncompliance setting a corrective action deadline of November 12, 2024, but Respondent failed to submit corrections and the TDHCA Compliance Division referred the noncompliance for an administrative penalty.
 7. On July 2, 2024, Respondent reported a casualty loss impacting unit 328, due to a fire that occurred on June 25, 2024. Damage from the fire is a violation of 10 TAC § 10.621 (Property Condition Standards), however, there is a two-year reasonable restoration period under IRS Memorandum CCA 200134006. The Department issued a notice of noncompliance requesting further information on or before October 8, 2024, to substantiate the casualty loss claim, but Respondent failed to submit documentation and the TDHCA Compliance Division referred the noncompliance for an administrative penalty. On October 29, 2024, Respondent disclosed that units 326, 113, and 112 were also impacted by the casualty loss, but Respondent again failed to submit the requested supporting documentation.
 8. The following violations remain outstanding at the time of this order:
 - a. Pre-onsite documentation violation described in FOF #5a;
 - b. Household income violation for unit 126 described in FOF #5c;
 - c. Annual recertification violation for units 126 and 328 described in FOF #5d;
 - d. NSPIRE violations described in FOF #6; and
 - e. Casualty loss violations for units 112, 113, 326, and 328, described in FOF #7.

CONCLUSIONS OF LAW

1. The Department has jurisdiction over this matter pursuant to Tex. Gov't Code §§2306.041-.0503 and 10 TAC Chapter 2.

2. Respondent is a “housing sponsor” as that term is defined in Tex. Gov’t Code §2306.004(14).
3. Pursuant to IRC §42(m)(1)(B)(iii), housing credit agencies are required to monitor for noncompliance with all provisions of the IRC and to notify the Internal Revenue Service of such noncompliance.
4. Pursuant to Tex. Gov’t Code Chapter 2306, Subchapter DD and Tex. Gov’t Code §2306.185, TDHCA is authorized to make Housing Tax Credit Allocations for the State of Texas and is required to monitor to ensure compliance.
5. Pursuant to 10 TAC §10.621(a), TDHCA has adopted HUD’s NSPIRE as the standard for its physical inspections.
6. Respondent violated §10.618 in 2023, by not submitting pre-onsite documentation in preparation for the monitoring review.
7. Respondent violated 10 TAC §10.619 and Section 4(g) of the LURA in 2023, by failing to provide a social services program plan.
8. Respondent violated 10 TAC §10.611 and Section 4 of the LURA in 2023, by failing to provide documentation that household income was within prescribed limits upon initial occupancy for units 126, 212 and 425.
9. Respondents violated 10 TAC §10.612 and Section 4(c) of the LURA by failing to provide annual tenant recertifications for units 126, 211, 321, 328, 416, and 426.
10. Respondent violated 10 TAC §10.621 in 2024, by failing to comply with NSPIRE when major violations were discovered and not timely corrected.
11. Respondent violated 10 TAC §10.621 in 2024, by failing to comply with requests for information when major NSPIRE violations occurred due to a fire casualty loss and Respondent failed to provide required supporting documentation.
12. Because Respondent is a housing sponsor with respect to the Property, and has violated TDHCA rules, the Board has personal and subject matter jurisdiction over Respondent pursuant to Tex. Gov’t Code §2306.041 and Tex. Gov’t Code §2306.267.
13. Because Respondent is a housing sponsor, TDHCA may order Respondent to perform or refrain from performing certain acts in order to comply with the law, TDHCA rules, or the terms of a contract or agreement to which Respondent and TDHCA are parties, pursuant to Tex. Gov’t Code §2306.267.
14. Because Respondent has violated rules promulgated pursuant to Tex. Gov’t Code §2306.053 and has violated agreements with the Agency to which Respondent is a party, the Agency may impose an administrative penalty pursuant to Tex. Gov’t Code §2306.041.

15. An administrative penalty of \$8,425.00 is an appropriate penalty in accordance with 10 TAC Chapter 2.

Based upon the foregoing findings of fact and conclusions of law, and an assessment of the factors set forth in Tex. Gov't Code §2306.042 to be considered in assessing such penalties as applied specifically to the facts and circumstances present in this case, the Governing Board of the Texas Department of Housing and Community Affairs orders the following:

IT IS HEREBY ORDERED that Respondent is assessed an administrative penalty in the amount of \$8,425.00, subject to partial deferral as further ordered below.

IT IS FURTHER ORDERED that Respondent shall pay and is hereby directed to pay a \$4,212.50 portion of the assessed administrative penalty by check payable to the "Texas Department of Housing and Community Affairs" within thirty days of the date this Agreed Final Order is approved by the Board.

IT IS FURTHER ORDERED that Respondent shall submit casualty loss supporting documentation as directed at Exhibit 1 to TDHCA on or before April 30, 2025.

IT IS FURTHER ORDERED that Respondent shall submit file monitoring corrective documentation as directed at Exhibit 2 to TDHCA on or before April 30, 2025.

IT IS FURTHER ORDERED that Respondent shall repair all NSPIRE violations and submit complete documentation as directed at Exhibit 4 to TDHCA on or before June 30, 2025.

IT IS FURTHER ORDERED that if Respondent timely and fully complies with the terms and conditions of this Agreed Final Order, addressing all violations as required, the satisfactory performance under this order will be accepted in lieu of the remaining assessed administrative penalty in the amount of \$4,212.50, which will be deferred and forgiven.

IT IS FURTHER ORDERED that if Respondent fails to satisfy any conditions or otherwise violates any provision of this order, or the property is sold before the terms and conditions of this Agreed Final Order have been fully satisfied, then the remaining administrative penalty in the amount of \$4,212.50 shall be immediately due and payable to the Department. Such payment shall be made by cashier's check payable to the "Texas Department of Housing and Community Affairs" upon the earlier of (1) within thirty days of the date the Department sends written notice to Respondent that it has violated a provision of this Order, or (2) the property closing date if sold before the terms and conditions of this Agreed Final Order have been fully satisfied.

IT IS FURTHER ORDERED that corrective documentation must be uploaded to the Compliance Monitoring and Tracking System (CMTS) by following the instructions at this link: <https://www.tdhca.texas.gov/sites/default/files/pmcdocs/CMTSUserGuide-AttachingDocs.pdf>. After the upload is complete, an email must be sent to Ysella Kaseman at ysella.kaseman@tdhca.texas.gov to inform her that the documentation is ready for review. If it comes due and payable, the penalty payment must be submitted to the following address:

If via overnight mail (FedEx, UPS):	If via USPS:
TDHCA Attn: Ysella Kaseman 221 E 11 th St Austin, Texas 78701	TDHCA Attn: Ysella Kaseman P.O. Box 13941 Austin, Texas 78711

IT IS FURTHER ORDERED that Respondent shall follow the requirements of [10 TAC §10.406](#), and obtain approval from the Department prior to consummating a sale of the property, if contemplated.

IT IS FURTHER ORDERED that the terms of this Agreed Final Order shall be published on the TDHCA website.

[Remainder of page intentionally blank]

Approved by the Governing Board of TDHCA on _____, 2025.

By: _____

Name: Leo Vasquez

Title: Chair of the Board of TDHCA

By: _____

Name: James "Beau" Eccles

Title: Secretary of the Board of TDHCA

THE STATE OF TEXAS §

§

COUNTY OF _____ §

Before me, the undersigned notary public, on this 16th day of January, 2025, personally appeared Leo Vasquez, proved to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

(Seal)

Notary Public, State of Texas

THE STATE OF TEXAS §

§

COUNTY OF TRAVIS §

Before me, the undersigned notary public, on this his 16th day of January, 2025, personally appeared James "Beau" Eccles, proved to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

(Seal)

Notary Public, State of Texas

Exhibit 1

Instructions to Record Casualty Loss and Two-Year Restoration Period

Respondent reported a casualty loss impacting units 112, 113, 326, and 328, due to a fire that occurred on June 25, 2024. Damage from the fire is a violation of 10 TAC § 10.621 (Property Condition Standards), however, there is a two-year restoration period permitted under IRS Memorandum CCA 200134006 during which TDHCA would not inspect those units, provided that Respondent substantiates the casualty loss claim.

Respondent must submit all of the following evidence of the casualty loss claim via CMTS upload² on or before April 30, 2025, in order for the Department to record the casualty loss and two-year restoration period for units 112, 113, 326, and 328:

1. A complete copy of the official fire report from the Dallas Fire Department describing the cause, events and records related to the reported fire event from June 25, 2024;
2. Labeled photographs of the damage to the building and units, including units 112, 113, 326, 328;
3. Written clarification regarding whether there are any additional units and/or common areas affected by the fire; and
4. A complete scope of work for complete restoration of all damaged areas.

The two-year casualty loss restoration itself is not part of this Agreed Final Order.

² Submit via CMTS upload (see <https://www.tdhca.texas.gov/sites/default/files/pmcdocs/CMTSUserGuide-AttachingDocs.pdf>) to the attention of Ysella Kaseman, and then mail Ysella Kaseman at ysella.kaseman@tdhca.texas.gov upon completion to notify TDHCA that the submission is ready for review.

Exhibit 2

Instructions to Address File Monitoring Violations

Resources and important notes:

- Refer to the following link for all references below to the rules at 10 TAC §10:
[http://texreg.sos.state.tx.us/public/readtac\\$ext.ViewTAC?tac_view=5&ti=10&pt=1&ch=10&sch=F&rl=Y](http://texreg.sos.state.tx.us/public/readtac$ext.ViewTAC?tac_view=5&ti=10&pt=1&ch=10&sch=F&rl=Y)
- Refer to the following link for copies of forms that are referenced below:
<https://www.tdhca.texas.gov/compliance-forms>
- Exhibit 3 provides details regarding each tenant file component outlined below.
- Technical support and training presentations are available at:
 - Trainings: <https://www.tdhca.texas.gov/compliance-program-training-presentations>
 - Income and Rent Limits: <https://www.tdhca.texas.gov/income-and-rent-limits>
 - FAQ's: <https://www.tdhca.texas.gov/compliance-frequently-asked-questions-faqs>
- Do not backdate any documents listed below.
- A transfer of a qualified household from another unit is not sufficient to correct any findings. If there is a tenant income certification or household income above limit violation, a transfer from another unit will simply cause the finding to transfer to that unit.

Instructions: Respondent must submit the following documentation on or before April 30, 2025.

1. Submit the "Monitor Review Questionnaire" that is listed in CMTS with a due date of "02/02/2023"³. The Questionnaire can be found by logging into CMTS at <https://pox.tdhca.state.tx.us/aims2/pox>. Click the "Unit Status Report" link. On the next page, click "Submit Reports". Scroll down the next page. There should be a section for the Monitor Review Questionnaire. Complete the questionnaire and submit via CMTS.
2. Upload⁴ documentation via CMTS to address file noncompliance for units 126 and 328 as instructed below.

Respondent has stated that units 126 and 328 are both vacant, and that unit 328 was damaged by the fire casualty loss described above in this Agreed Final Order.

- a. If the unit is now occupied: Submit the full tenant file* on or before April 30, 2025. The file must be complete and prove income eligibility. - OR -

³ Due to frequent property management confusion between phases, TDHCA staff notes that this questionnaire was submitted for CMTS 2510, but was not submitted for CMTS 2509.

⁴ Submit via CMTS upload (see <https://www.tdhca.texas.gov/sites/default/files/pmcdocs/CMTSUserGuide-AttachingDocs.pdf>) to the attention of Ysella Kaseman, and then mail Ysella Kaseman at ysella.kaseman@tdhca.texas.gov upon completion to notify TDHCA that the submission is ready for review.

- b. If the unit remains vacant:
 - i. For unit 126, perform all of the following:
 - 1. Make the unit ready for occupancy and submit a letter from the owner by April 30, 2025, certifying that the unit is ready for occupancy, AND
 - 2. Occupy the unit by a qualified household and submit the full tenant file* within 30 days of occupancy. The file must be complete and prove income eligibility. Receipt of the full tenant file after April 30, 2025 is acceptable for this circumstance provided that the owner's letter at Requirement 1 above is submitted timely.
 - i. For Unit 328, perform all of the following:
 - 1. Submit the casualty loss documentation as described at Exhibit 2 of this Agreed Final Order by April 30, 2025, so that the Department can record the casualty loss and two-year restoration period, AND
 - 2. Upon completion of the restoration period, occupy the unit by a qualified household and submit the full tenant file* within 30 days of occupancy. The file must be complete and prove income eligibility. Receipt of the full tenant file after April 30, 2025 is acceptable for this circumstance provided that the casualty loss documentation for Requirement 1 above is submitted timely.

**A full tenant file must include all of the following components.*

- A. Tenant application;*
- B. Verifications of all sources of income and assets;*
- C. Tenant income certification;*
- D. Lease and lease addendum; and*
- E. Tenant Rights and Resources Guide Acknowledgment.*

Remember that components A - C above must be dated within 120 days of one another.

See Exhibit 3 for details regarding how to compile each of the above full tenant file components.

Exhibit 3

Tenant File Guidelines

The following technical support does not represent a complete list of all file requirements and is intended only as a guide. TDHCA staff recommends that all staff responsible for accepting and processing tenant files sign up for Income Determination Training in order to get a full overview of the process. Sign up at <http://www.tdhca.state.tx.us/pmcomp/COMPtrain.html>. Forms discussed below are available at: <http://www.tdhca.state.tx.us/pmcomp/forms.htm>.

Forms discussed below are available at: <https://www.tdhca.texas.gov/compliance-forms>. A “Suggested File Checklist” is available in the “Monitoring Forms” section of “Compliance Forms for Multifamily Properties” at <https://www.tdhca.texas.gov/compliance-forms>.

**Important Note* The application, verifications of income and assets, and Tenant Income Certification (1 – 7 below) must be signed within 120 days of one another. If one component is outside of that time frame, you must recertify.*

1. **Intake Application:** Each adult household member must complete their own application in order to be properly screened at initial certification. A married couple can complete a joint application. The Department does not have a required form to screen households, but we make a sample form available for that purpose. All households must be screened for household composition, income and assets, and student status. Applicants must complete all blanks on the application and answer all questions. Any lines left intentionally blank should be marked with “none” or “n/a.” Applications must be signed and dated using the date that the form is actually completed. If you use the Texas Apartment Association (TAA) Rental Application, be aware that it does not include all requirements, but they have a “Supplemental Rental Application for Units Under Government Regulated Affordable Housing Programs” that includes the additional requirements. TDHCA also has an application form that you can use; using our form is not required for the application, but it does screen for all requirements.
2. **Release and Consent:** Have tenant sign TDHCA’s Release and Consent form so that verifications may be collected by the property.
3. **Verify Income:** Each source of income and asset must be documented for every adult household member based upon the information disclosed on the application. There are multiple methods:
 - a. **Income Verification for Households with Section 8 Certificates:** If you use this form, you do not need to verify income further, but you do need to collect all other components of the tenant file. The Public Housing Authority, verifying that the household is eligible at initial occupancy or at recertification, signs this form. Since the housing authority performed the necessary verifications. The form must include the following information: a certification date from the housing authority that is within 120 days of that effective date, either at initial move-in or at recertification, number of household members and the gross annual income before any adjustments. This form must also be dated within 120 days of the application and Income Certification that you collect. If the housing authority certification is outside of that period, you must verify income yourself. A housing authority may not use this form to verify income for a property in which they hold an ownership interest.
 - b. **First-hand verifications:** Paystubs or payroll printouts that show gross income. If you choose this method, ensure that you consistently collect a specified number of consecutive check stubs as defined in your management plan.

- c. **Employment Verification Form:** Part 1 must be completed by you and signed by the tenant. Part 2 must be completed by the employer. To prevent fraud, you must submit the form directly to the employer and must not allow the tenant to handle it. You should ensure that the person completing the employer portion has authority to do so and has access to all applicable information in order to verify the employment income. If you receive the verification via mail, retain the envelope. If you receive it via fax, ensure that the fax stamp is on it. If received by email, ensure the email address it was received from is evidenced and from the employer.
 - d. **Verification of non-employment income:** You must obtain verifications for all other income sources, such as child support, social security, and/or unemployment benefits. Self-certification by the household is not acceptable. Examples: benefit verification letter(s) are acceptable for social security and/or unemployment benefits. Acceptable verifications for child support could include documents such as divorce decree(s), court order(s), or a written statement from the court or attorney general regarding the monthly awarded amount.
 - e. **Telephone Verifications:** These are acceptable *only* for clarifying discrepancies and cannot be used as primary form of verification. Include your name, the date, the name of the person with whom you spoke, and your signature. These are appropriate if there is an unusual circumstance relating to the tenant file.
 - f. **Certification of Zero Income:** If an adult household member does not report any sources of income on the application, this form can be used to document thorough screening and to document the source of funds used to pay for rent, utilities, and/or other necessities.
4. **Verify Assets:** Regardless of their balances, applicants must report all assets, including assets such as checking or savings accounts. Accounts are typically disclosed on the application form, but you must review all documentation from the tenant to ensure proper documentation of the household's income and assets. For instance, review the credit report (if you pull one), application, pay stubs, and other documents to ensure that all information is consistent. Examples of ways to find assets that are frequently overlooked: Review pay stubs for assets such as checking and retirement accounts that the household may have forgotten to include in the application. These accounts must also be verified. Format of verifications:
- a. **First-hand verifications**, such as bank statements to verify a checking account. If using this method, the most current statement will be needed for both checking and savings accounts. MFDL programs require two months of source documentation.
 - b. **3rd party verifications** using the TDHCA Asset Verification form. As with the "Employment Verification Form" discussed above, Part 1 must be completed by you and signed by the tenant. Part 2 must be completed by the financial institution. To prevent fraud, you must submit the form directly to the employer and must not allow the tenant to handle it. You should ensure that the person completing the financial institution's portion has authority to do so and has access to all applicable information in order to verify the asset(s). If you receive the verification via mail, retain the envelope. If you receive it via fax, ensure that the fax stamp is on it, If received by email, ensure the email address it was received from is evidenced and from the financial institution.

5. **Verify Student Status:** Must screen for student status; can be collected on the Annual Eligibility Certification, the Certification of Student Eligibility Form, or the income Certification Form. If the household indicates they are students, there are two forms that *must* be used: the Certification of Student Eligibility form must be completed by the household, and the Student Verification form is used to verify and document their student status.
 - a. **With the changes from HOTMA, student income from financial assistance must be evaluated for inclusion/exclusion. A detailed training on this topic is available online: <https://www.tdhca.texas.gov/compliance-program-training-presentations>.**
6. **Verify Special Needs:** This form is generally optional, but is a great way to screen households for special needs. It is required if there is a Special Needs occupancy requirement under your LURA, unless there is another form of special needs verification in the file.
7. **Tenant Income Certification Form:** Upon verification of all income and asset sources disclosed on the application and any additional information found in the documentation submitted by the tenant, the next step is to annualize the sources on the Income Certification Form, add them together, and compare to the applicable income limit for household size which can be found at <https://www.tdhca.texas.gov/income-and-rent-limits>. Be sure to include any income derived from assets. The form must include all household members, and be signed by each adult household member.
8. **Lease:** Must conform with your LURA and TDHCA requirements and indicate a rent below the maximum rent limits, which can be found at <https://www.tdhca.texas.gov/income-and-rent-limits>. Generally speaking, when determining the rent for HTC, BOND, TCEP and TCAP programs, the tenant-paid rent, plus the utility allowance, plus any mandatory fees, must be below the maximum limit set by TDHCA. [10 TAC §10.613\(a\)](#) prohibits the eviction or termination of tenancy of low-income households for reasons other than good cause throughout the affordability period in accordance with Revenue Ruling 2004-82. In addition, [10 TAC §10.613\(e\)](#) prohibits HTC developments from locking out or threatening to lock out any development resident, or seizing or threatening to seize personal property of a resident, except by judicial process, for purposes of performing necessary repairs or construction work, or in case of emergency. **Those prohibitions must be included in the lease or lease addendum.** Additionally, certain programs must include a Lead Warning Statement and the TDHCA VAWA lease addendum, per [10 TAC 10.613\(f\) and \(h\)](#). **TAA has an affordable housing lease addendum that has incorporated this required language.** If you are not a TAA member, you can draft a lease addendum using the requirements outlined above. For Section 811 units, you must use the HUD Model Lease, HUD form 92236-PRA.
9. **Written Policies and Procedures / Tenant Selection Criteria:** Written policies and procedures requirements are at [10 TAC §10.802](#).
10. **Violence Against Women Act of 2013 (VAWA):** The property is required to provide all prospective tenants the VAWA forms 5380 and 5382 at the time of application, at the time they are approved, at the time of denial, and at the time the household is given a notice to vacate or non-renewal. Forms are available at the Forms link above.
11. **Tenant Rights and Resources Guide:** In accordance with [10 TAC §10.613\(l\)](#), you must customize the Guide for your property and post a laminated copy in a common area of the leasing office. Development must also provide a copy of the guide to each household during the application process and upon any subsequent changes to the items described at paragraph b) below. The guide includes:

- a. Information about Fair Housing and tenant choice; and
- b. Information regarding common amenities, unit amenities, and services.

Additionally, a representative of each household must receive a copy of the guide and sign an acknowledgment of receipt of the brochure prior to, but no more than 120 days prior to, the initial lease execution date. A copy of the signed acknowledgment must be maintained in the tenant file.

Exhibit 4

NSPIRE Deficiency Report and Instructions to Address NSPIRE Violations

Respondent must repair every violation listed in the attached Deficiency Report, and then submit all of the following evidence of repairs via CMTS upload⁵ on or before June 30, 2025:

1. Owner Certification of Corrected Noncompliance: Complete the enclosed Certification form, following all form instructions. The Owner must sign the form; property management is not authorized to sign.
2. Completed Deficiency Report:
 - a. In the column named "Corrected By", enter the name of the person or contractor that completed the work to correct each deficiency.

NOTE: If state or local code requires a licensed professional to complete the work to correct a deficiency [e.g. infestation or fire systems], it is the Owner's responsibility to be familiar with such codes and to correct deficiencies accordingly.
 - b. In the column named "Date Completed" enter the date on which the work to correct each deficiency was completed.

⁵ Submit via CMTS upload (see <https://www.tdhca.texas.gov/sites/default/files/pmcdocs/CMTSUserGuide-AttachingDocs.pdf>) to the attention of Ysella Kaseman, and then mail Ysella Kaseman at ysella.kaseman@tdhca.texas.gov upon completion to notify TDHCA that the submission is ready for review.

Texas Department of Housing and Community Affairs Owner Certification of Corrected Noncompliance

Development Name: The Declan II CMTS ID: 2509

The National Standard for the Physical Inspection of Real Estate (“NSPIRE”) inspection was performed on July 8, 2024 at the development listed to assess compliance with the BOND program. The review resulted in a finding of noncompliance under Title 10, Chapter 10, Subchapter F related to Compliance Monitoring, §10.621, Property Condition Standards, and §92.251. Please see attached Deficiency Report that details the deficiencies identified.

Because the inspection resulted in a score that exceeds 75, to correct, submit only the following:

1. Update the Deficiency Report:
 - a. In the column named “Corrected By” enter the name of the person or contractor that completed the work to correct that deficiency. (NOTE: If state or local code requires a licensed professional to complete the work to correct a deficiency [e.g. infestation or fire systems], it is the Owner’s responsibility to be familiar with such codes and to correct deficiencies accordingly. The Department relies on the Owner’s due diligence in these instances.)
 - b. In the column named “Date Corrected” enter the date on which the work to correct that deficiency was completed.
2. Execute this certification to support that the work represented in the Deficiency Report has been performed. **Only the Owner can sign this form; property management cannot sign this certification.**

In accordance with 10 TAC §2.401(a)(3), *Providing fraudulent information, knowingly falsified documentation, or other intentional or negligent material misrepresentation or omission with regard to any documentation, certification or other representation made to the Department* is grounds for debarment. If it is found that the deficiencies cited in the Deficiency Report were not resolved, the Department will consider the Owner to have materially misrepresented the facts and circumstances related to the NSPIRE Inspection conducted on July 8, 2024 and may be recommended for debarment.

I, _____, on behalf of Lurin Real Estate Holdings LIX, LLC, am authorized to sign this Certification by reason of my position as _____ and hereby certify, as true and correct, that the above referenced noncompliance has been corrected in the manner described and I further understand that if it is found that this certification was fraudulently executed, the owner is subject to debarment.

Signature of Owner

Date

Affiliation and Authority to sign (ex. President, VP, CEO, Managing Member of GP, etc.)

Warning: Title 18, Section 1001 of the U.S. Code makes it a criminal offense to make willful false statements or misrepresentations to any Department or Agency in the United States as to any matter within its jurisdiction.

TDHCA
February 2024

<i>Bldg</i>	<i>Apt</i>	<i>Location</i>	<i>Item</i>	<i>Result</i>	<i>Notes</i>	<i>Sev.</i>	<i>Date Completed:</i>	<i>Completed By:</i>
21	N/A	Alternate Location - See Notes for Details	Fire Extinguisher	Fire extinguisher pressure gauge reads over- or under-charged	Outside 121	LT		
21	N/A	Hallways & Corridors (Bldg)	Ceiling Covering and Finishes	Ceiling component(s) is not functionally adequate	Ceiling component is not functionally adequate	Severe		
21	N/A	Hallways & Corridors (Bldg)	Ceiling Covering and Finishes	Ceiling component is not functionally adequate	Ceiling has sagging or dropping materials; Outside of unit 123	Severe		
21	121	Hallways & Corridors	Smoke Alarms	Smoke alarm not installed outside a sleeping room	Smoke alarm is not installed where required; Upstairs hallway	LT		
21	121	Kitchen	Refrigerator	Refrigerator component is damaged such that it impacts functionality	Refrigerator door seal is damaged	Mod		
21	121	Laundry Room	Door – General	A door that is not intended to permit access between rooms has a damaged, inoperable, or missing component	Closet door component is missing, damaged or inoperable	Low		
21	125	Laundry Room	Door – General	A door that is not intended to permit access between rooms has a damaged, inoperable, or missing component	Closet door component is missing, damaged or inoperable	Low		
21	125	Storage Room	Door – General	A door that is not intended to permit access between rooms has a damaged, inoperable, or missing component	Closet door component is missing, damaged or inoperable; Right of entrance	Low		
22	234	Hallways & Corridors	Smoke Alarms	Smoke alarm does not produce an audio or visual alarm when tested	Smoke alarm does not produce an audio or visual alarm when tested	LT		
23	304	Hallways & Corridors	Smoke Alarms	Smoke alarm does not produce an audio or visual alarm when tested	Smoke alarm does not produce an audio or visual alarm when tested	LT		

ENFORCEMENT ACTION AGAINST LURIN	§	BEFORE THE
REAL ESTATE HOLDINGS LIX, LLC WITH	§	TEXAS DEPARTMENT OF
RESPECT TO THE DECLAN I	§	HOUSING AND COMMUNITY
(F/K/A HIGHLAND BLUFFS I)	§	AFFAIRS
(BOND MF007 / CMTS # 2510)	§	

AGREED FINAL ORDER

General Remarks and official action taken:

On this 16th day of January, 2025, the Governing Board (“Board”) of the Texas Department of Housing and Community Affairs (“TDHCA” or “Department”) considered the matter of whether enforcement action should be taken against **LURIN REAL ESTATE HOLDINGS LIX, LLC**, (“Respondent”).

This Agreed Order is executed pursuant to the authority of the Administrative Procedure Act (“APA”), Tex. Gov’t Code §2001.056, which authorizes the informal disposition of contested cases. In a desire to conclude this matter without further delay and expense, the Board and Respondent agree to resolve this matter by this Agreed Final Order. The Respondent agrees to this Order for the purpose of resolving this proceeding only and without admitting or denying the findings of fact and conclusions of law set out in this Order.

Upon recommendation of the Enforcement Committee, the Board makes the following findings of fact and conclusions of law and enters this Order:

WAIVER

Respondent acknowledges the existence of their right to request a hearing as provided by Tex. Gov’t Code §2306.044, and to seek judicial review, in the District Court of Travis County, Texas, of any order as provided by Tex. Gov’t Code §2306.047. Pursuant to this compromise and settlement, the Respondent waives those rights and acknowledges the jurisdiction of the Board over Respondent.

FINDINGS OF FACT (FOF)

Jurisdiction:

1. Asmara Affordable Housing, Inc. (Prior Owner) acquired multiple properties in 1996 using proceeds from NHP Foundation – Asmara Project Series 1996A Bonds. The bonds were refinanced in 2003 using NHP Foundation – Asmara Project Series 2003 Bonds to refund Series 1996, and to finance capital improvements and necessary repairs for

multiple projects in Texas, including the The Declan I (Property) (Bond File No. MF007 / CMTS No. 2510).

2. Prior Owner signed an Amended and Restated Regulatory and Land Use Restriction Agreement (LURA) dated as of December 1, 2003, and filed of record at Document Number 2683681 of the Official Public Records of Real Property of Dallas County, Texas (the Records). In accordance with Section 11 of the LURA, the LURA is a restrictive covenant/deed restriction encumbering the Property and binding on all successors and assigns for the full term of the LURA.
3. Respondent took ownership of the Property and signed an agreement with TDHCA to assume the duties imposed by the LURA and to comply fully with the terms thereof (Agreement to Assume and Comply), effective June 22, 2022, and filed the same in the Records at Document Number 202200178178, thereby binding Respondent to the terms of the LURA.
4. Respondent is subject to the regulatory authority of TDHCA.

Compliance Violations¹:

5. The Department conducted a file monitoring review on February 16, 2023, to determine whether Respondent complied with LURA requirements to lease units to low-income households and maintain records demonstrating eligibility. The monitoring review found violations of the LURA and TDHCA rules. Notifications of noncompliance were sent and a May 31, 2023, corrective action deadline was set, but Respondent failed to submit complete corrections and the TDHCA Compliance Division referred the following noncompliance for an administrative penalty:
 - a. Respondent failed to provide documentation that household incomes were within prescribed limits upon initial occupancy for units 132, 214, 423, 432, 723, 737, 821, 1117, 1118, and 1224, a violation of Section 4 of the LURA and 10 TAC §10.611 (Determination, Documentation and Certification of Annual Income), which require screening of tenants at initial occupancy to ensure qualification for the program. These findings are considered unresolved.
 - b. Respondent failed to provide required annual recertifications that were due between January 2023 and February 2023, for units 924, 432, 634, and 1022, a violation of Section 4(c) of the LURA and 10 TAC §10.612 (Tenant File Requirements), which require annual recertifications for each unit. These findings are considered unresolved.

¹ Within this Agreed Final Order, all references to violations of TDHCA Compliance Monitoring rules at 10 TAC Chapter 10 refers to the versions of the code in effect at the time of the compliance monitoring reviews and/or inspections that resulted in recording each violation. All past violations remain violations under the current code and all interim amendments.

6. The Department conducted a National Standards for the Physical Inspection of Real Estate (NSPIRE) inspection on July 8, 2024. The inspection report at Exhibit 1 showed numerous property condition violations, a violation of 10 TAC § 10.621 (Property Condition Standards). The Department issued a notification of noncompliance setting a corrective action deadline of October 20, 2024, but Respondent failed to submit corrections and the TDHCA Compliance Division referred the noncompliance for an administrative penalty.
7. The following violations remain outstanding at the time of this order:
 - a. Household income violations for units 132, 214, 423, 432, 723, 737, 821, 1117, 1118, and 1224, described in FOF #5a;
 - b. Annual recertification violations for units 924, 432, 634, and 1022, described in FOF #5b; and
 - c. NSPIRE violations described in FOF #6.

CONCLUSIONS OF LAW

1. The Department has jurisdiction over this matter pursuant to Tex. Gov't Code §§2306.041-.0503 and 10 TAC Chapter 2.
2. Respondent is a "housing sponsor" as that term is defined in Tex. Gov't Code §2306.004(14).
3. Pursuant to IRC §42(m)(1)(B)(iii), housing credit agencies are required to monitor for noncompliance with all provisions of the IRC and to notify the Internal Revenue Service of such noncompliance.
4. Pursuant to Tex. Gov't Code Chapter 2306, Subchapter DD and Tex. Gov't Code §2306.185, TDHCA is authorized to make Housing Tax Credit Allocations for the State of Texas and is required to monitor to ensure compliance.
5. Pursuant to 10 TAC §10.621(a), TDHCA has adopted HUD's NSPIRE as the standard for its physical inspections.
6. Respondent violated 10 TAC §10.611 and Section 4(c) of the LURA in 2023, by failing to provide documentation that household income was within prescribed limits upon initial occupancy for units 132, 214, 423, 432, 723, 737, 821, 1117, 1118, and 1224.
7. Respondents violated 10 TAC §10.612 and Section 4(c) of the LURA by failing to provide annual tenant recertifications for units 924, 432, 634, and 1022.
8. Respondent violated 10 TAC §10.621 in 2024, by failing to comply with NSPIRE when major violations were discovered and not timely corrected.

9. Because Respondent is a housing sponsor with respect to the Property, and has violated TDHCA rules, the Board has personal and subject matter jurisdiction over Respondent pursuant to Tex. Gov't Code §2306.041 and Tex. Gov't Code §2306.267.

10. Because Respondent is a housing sponsor, TDHCA may order Respondent to perform or refrain from performing certain acts in order to comply with the law, TDHCA rules, or the terms of a contract or agreement to which Respondent and TDHCA are parties, pursuant to Tex. Gov't Code §2306.267.

11. Because Respondent has violated rules promulgated pursuant to Tex. Gov't Code §2306.053 and has violated agreements with the Agency to which Respondent is a party, the Agency may impose an administrative penalty pursuant to Tex. Gov't Code §2306.041.

12. An administrative penalty of \$25,000.00 is an appropriate penalty in accordance with 10 TAC Chapter 2.

Based upon the foregoing findings of fact and conclusions of law, and an assessment of the factors set forth in Tex. Gov't Code §2306.042 to be considered in assessing such penalties as applied specifically to the facts and circumstances present in this case, the Governing Board of the Texas Department of Housing and Community Affairs orders the following:

IT IS HEREBY ORDERED that Respondent is assessed an administrative penalty in the amount of \$25,000.00, subject to partial deferral as further ordered below.

IT IS FURTHER ORDERED that Respondent shall pay and is hereby directed to pay a \$12,500.00 portion of the assessed administrative penalty by check payable to the "Texas Department of Housing and Community Affairs" within thirty days of the date this Agreed Final Order is approved by the Board.

IT IS FURTHER ORDERED that Respondent shall submit file monitoring corrective documentation as directed at Exhibit 1 to TDHCA on or before April 30, 2025.

IT IS FURTHER ORDERED that Respondent shall repair all NSPIRE violations and submit complete documentation as directed at Exhibit 3 to TDHCA on or before June 30, 2025.

IT IS FURTHER ORDERED that if Respondent timely and fully complies with the terms and conditions of this Agreed Final Order, addressing all violations as required, the satisfactory performance under this order will be accepted in lieu of the remaining assessed administrative penalty in the amount of \$12,500.00, which will be deferred and forgiven.

IT IS FURTHER ORDERED that if Respondent fails to satisfy any conditions or otherwise violates any provision of this order, or the property is sold before the terms and conditions of this Agreed Final Order have been fully satisfied, then the remaining administrative penalty in the amount of \$12,500.00 shall be immediately due and payable to the Department. Such payment shall be made by cashier's check payable to the "Texas Department of Housing and Community Affairs" upon the earlier of (1) within thirty days of the date the Department sends written

notice to Respondent that it has violated a provision of this Order, or (2) the property closing date if sold before the terms and conditions of this Agreed Final Order have been fully satisfied.

IT IS FURTHER ORDERED that corrective documentation must be uploaded to the Compliance Monitoring and Tracking System (CMTS) by following the instructions at this link: <https://www.tdhca.texas.gov/sites/default/files/pmcdocs/CMTSUserGuide-AttachingDocs.pdf>. After the upload is complete, an email must be sent to Ysella Kaseman at ysella.kaseman@tdhca.texas.gov to inform her that the documentation is ready for review. If it comes due and payable, the penalty payment must be submitted to the following address:

If via overnight mail (FedEx, UPS):	If via USPS:
TDHCA Attn: Ysella Kaseman 221 E 11 th St Austin, Texas 78701	TDHCA Attn: Ysella Kaseman P.O. Box 13941 Austin, Texas 78711

IT IS FURTHER ORDERED that Respondent shall follow the requirements of [10 TAC §10.406](#), and obtain approval from the Department prior to consummating a sale of the property, if contemplated.

IT IS FURTHER ORDERED that the terms of this Agreed Final Order shall be published on the TDHCA website.

[Remainder of page intentionally blank]

Approved by the Governing Board of TDHCA on _____, 2025.

By: _____

Name: Leo Vasquez

Title: Chair of the Board of TDHCA

By: _____

Name: James "Beau" Eccles

Title: Secretary of the Board of TDHCA

THE STATE OF TEXAS §

§

COUNTY OF _____ §

Before me, the undersigned notary public, on this 16th day of January, 2025, personally appeared Leo Vasquez, proved to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

(Seal)

Notary Public, State of Texas

THE STATE OF TEXAS §

§

COUNTY OF TRAVIS §

Before me, the undersigned notary public, on this his 16th day of January, 2025, personally appeared James "Beau" Eccles, proved to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

(Seal)

Notary Public, State of Texas

Exhibit 1

Instructions to Address File Monitoring Violations

Resources and important notes:

- Refer to the following link for all references below to the rules at 10 TAC §10:
[http://texreg.sos.state.tx.us/public/readtac\\$ext.ViewTAC?tac_view=5&ti=10&pt=1&ch=10&sch=F&rl=Y](http://texreg.sos.state.tx.us/public/readtac$ext.ViewTAC?tac_view=5&ti=10&pt=1&ch=10&sch=F&rl=Y)
- Refer to the following link for copies of forms that are referenced below:
<https://www.tdhca.texas.gov/compliance-forms>
- Exhibit 3 provides details regarding each tenant file component outlined below.
- Technical support and training presentations are available at:
 - Trainings: <https://www.tdhca.texas.gov/compliance-program-training-presentations>
 - Income and Rent Limits: <https://www.tdhca.texas.gov/income-and-rent-limits>
 - FAQ's: <https://www.tdhca.texas.gov/compliance-frequently-asked-questions-faqs>
- Do not backdate any documents listed below.
- A transfer of a qualified household from another unit is not sufficient to correct any findings. If there is a tenant income certification or household income above limit violation, a transfer from another unit will simply cause the finding to transfer to that unit.

Instructions: Respondent must submit the following documentation via CMTS upload² on or before April 30, 2025:

1. For Unit 924: Respondent failed to submit the annual recertification that was due 1/23/2023.
 - a. If the Saulters household remains in this unit, complete and submit an annual recertification, including the recertification application, verifications of all sources of income and assets, tenant income certification form, and the first and signatory pages of the lease;
 - b. If the unit is currently occupied, submit a full tenant file*. The file must be complete and prove income eligibility; or
 - c. If the unit is vacant, follow the ** instructions below.
2. For Unit 1022: Respondent failed to submit the annual recertification that was due 2/14/2023. The Unit Status Report appears to show that the affected household has moved out and a new household has occupied the unit.
 - a. If the unit is currently occupied, submit a full tenant file*. The file must be complete and prove income eligibility; or
 - b. If the unit is vacant, follow the ** instructions below.

² Submit via CMTS upload (see <https://www.tdhca.texas.gov/sites/default/files/pmcdocs/CMTSUserGuide-AttachingDocs.pdf>) to the attention of Ysella Kaseman, and then mail Ysella Kaseman at ysella.kaseman@tdhca.texas.gov upon completion to notify TDHCA that the submission is ready for review.

3. For Units 432 and 634: Respondent failed to submit annual recertifications that were due in January 2023, and later indicated that these units are vacant.
 - a. If the unit is currently occupied, submit a full tenant file*. The file must be complete and prove income eligibility; or
 - b. If the unit is vacant, follow the ** instructions below.
4. For units 132, 214, 423, 723, 821, 1117, and 1118: Respondent failed to collect required documentation to prove program eligibility at initial occupancy, and did not submit any response regarding these violations.
 - a. If the unit is currently occupied, submit a full tenant file*. The file must be complete and prove income eligibility; or
 - b. If the unit is vacant, follow the ** instructions below.
5. For units 432, and 1224: Respondent failed to collect required documentation to prove program eligibility at initial occupancy, and later indicated that these units are vacant. Perform all of the following:
 - a. If the unit is currently occupied, submit a full tenant file*. The file must be complete and prove income eligibility; or
 - b. If the unit is vacant, follow the ** instructions below.

**A full tenant file must include all of the following components.*

- A. *Tenant application;*
- B. *Verifications of all sources of income and assets;*
- C. *Tenant income certification;*
- D. *Lease and lease addendum; and*
- E. *Tenant Rights and Resources Guide Acknowledgment.*

Remember that components A - C above must be dated within 120 days of one another.

See Exhibit 2 for details regarding how to compile each of the above full tenant file components.

*** Vacant unit instructions:*

- A. *Make the unit ready for occupancy and submit a letter from the owner, signed by Jon Venetos, by April 30, 2025, certifying that the unit is ready for occupancy, AND*
- B. *Occupy the unit by a qualified household and submit the full tenant file* within 30 days of occupancy. Receipt of the full tenant file after April 30, 2025 is acceptable for this circumstance provided that the owner's letter at Requirement A above is submitted timely.*

Exhibit 2

Tenant File Guidelines

The following technical support does not represent a complete list of all file requirements and is intended only as a guide. TDHCA staff recommends that all staff responsible for accepting and processing tenant files sign up for Income Determination Training in order to get a full overview of the process. Sign up at <http://www.tdhca.state.tx.us/pmcomp/COMPtrain.html>. Forms discussed below are available at: <http://www.tdhca.state.tx.us/pmcomp/forms.htm>.

Forms discussed below are available at: <https://www.tdhca.texas.gov/compliance-forms>. A “Suggested File Checklist” is available in the “Monitoring Forms” section of “Compliance Forms for Multifamily Properties” at <https://www.tdhca.texas.gov/compliance-forms>.

**Important Note* The application, verifications of income and assets, and Tenant Income Certification (1 – 7 below) must be signed within 120 days of one another. If one component is outside of that time frame, you must recertify.*

1. **Intake Application:** Each adult household member must complete their own application in order to be properly screened at initial certification. A married couple can complete a joint application. The Department does not have a required form to screen households, but we make a sample form available for that purpose. All households must be screened for household composition, income and assets, and student status. Applicants must complete all blanks on the application and answer all questions. Any lines left intentionally blank should be marked with “none” or “n/a.” Applications must be signed and dated using the date that the form is actually completed. If you use the Texas Apartment Association (TAA) Rental Application, be aware that it does not include all requirements, but they have a “Supplemental Rental Application for Units Under Government Regulated Affordable Housing Programs” that includes the additional requirements. TDHCA also has an application form that you can use; using our form is not required for the application, but it does screen for all requirements.
2. **Release and Consent:** Have tenant sign TDHCA’s Release and Consent form so that verifications may be collected by the property.
3. **Verify Income:** Each source of income and asset must be documented for every adult household member based upon the information disclosed on the application. There are multiple methods:
 - a. **Income Verification for Households with Section 8 Certificates:** If you use this form, you do not need to verify income further, but you do need to collect all other components of the tenant file. The Public Housing Authority, verifying that the household is eligible at initial occupancy or at recertification, signs this form. Since the housing authority performed the necessary verifications. The form must include the following information: a certification date from the housing authority that is within 120 days of that effective date, either at initial move-in or at recertification, number of household members and the gross annual income before any adjustments. This form must also be dated within 120 days of the application and Income Certification that you collect. If the housing authority certification is outside of that period, you must verify income yourself. A housing authority may not use this form to verify income for a property in which they hold an ownership interest.
 - b. **First-hand verifications:** Paystubs or payroll printouts that show gross income. If you choose this method, ensure that you consistently collect a specified number of consecutive check stubs as defined in your management plan.

- c. **Employment Verification Form:** Part 1 must be completed by you and signed by the tenant. Part 2 must be completed by the employer. To prevent fraud, you must submit the form directly to the employer and must not allow the tenant to handle it. You should ensure that the person completing the employer portion has authority to do so and has access to all applicable information in order to verify the employment income. If you receive the verification via mail, retain the envelope. If you receive it via fax, ensure that the fax stamp is on it. If received by email, ensure the email address it was received from is evidenced and from the employer.
 - d. **Verification of non-employment income:** You must obtain verifications for all other income sources, such as child support, social security, and/or unemployment benefits. Self-certification by the household is not acceptable. Examples: benefit verification letter(s) are acceptable for social security and/or unemployment benefits. Acceptable verifications for child support could include documents such as divorce decree(s), court order(s), or a written statement from the court or attorney general regarding the monthly awarded amount.
 - e. **Telephone Verifications:** These are acceptable *only* for clarifying discrepancies and cannot be used as primary form of verification. Include your name, the date, the name of the person with whom you spoke, and your signature. These are appropriate if there is an unusual circumstance relating to the tenant file.
 - f. **Certification of Zero Income:** If an adult household member does not report any sources of income on the application, this form can be used to document thorough screening and to document the source of funds used to pay for rent, utilities, and/or other necessities.
4. **Verify Assets:** Regardless of their balances, applicants must report all assets, including assets such as checking or savings accounts. Accounts are typically disclosed on the application form, but you must review all documentation from the tenant to ensure proper documentation of the household's income and assets. For instance, review the credit report (if you pull one), application, pay stubs, and other documents to ensure that all information is consistent. Examples of ways to find assets that are frequently overlooked: Review pay stubs for assets such as checking and retirement accounts that the household may have forgotten to include in the application. These accounts must also be verified. Format of verifications:
- a. **First-hand verifications**, such as bank statements to verify a checking account. If using this method, the most current statement will be needed for both checking and savings accounts. MFDL programs require two months of source documentation.
 - b. **3rd party verifications** using the TDHCA Asset Verification form. As with the "Employment Verification Form" discussed above, Part 1 must be completed by you and signed by the tenant. Part 2 must be completed by the financial institution. To prevent fraud, you must submit the form directly to the employer and must not allow the tenant to handle it. You should ensure that the person completing the financial institution's portion has authority to do so and has access to all applicable information in order to verify the asset(s). If you receive the verification via mail, retain the envelope. If you receive it via fax, ensure that the fax stamp is on it, If received by email, ensure the email address it was received from is evidenced and from the financial institution.

5. **Verify Student Status:** Must screen for student status; can be collected on the Annual Eligibility Certification, the Certification of Student Eligibility Form, or the income Certification Form. If the household indicates they are students, there are two forms that *must* be used: the Certification of Student Eligibility form must be completed by the household, and the Student Verification form is used to verify and document their student status.
 - a. **With the changes from HOTMA, student income from financial assistance must be evaluated for inclusion/exclusion. A detailed training on this topic is available online: <https://www.tdhca.texas.gov/compliance-program-training-presentations>.**
6. **Verify Special Needs:** This form is generally optional, but is a great way to screen households for special needs. It is required if there is a Special Needs occupancy requirement under your LURA, unless there is another form of special needs verification in the file.
7. **Tenant Income Certification Form:** Upon verification of all income and asset sources disclosed on the application and any additional information found in the documentation submitted by the tenant, the next step is to annualize the sources on the Income Certification Form, add them together, and compare to the applicable income limit for household size which can be found at <https://www.tdhca.texas.gov/income-and-rent-limits>. Be sure to include any income derived from assets. The form must include all household members, and be signed by each adult household member.
8. **Lease:** Must conform with your LURA and TDHCA requirements and indicate a rent below the maximum rent limits, which can be found at <https://www.tdhca.texas.gov/income-and-rent-limits>. Generally speaking, when determining the rent for HTC, BOND, TCEP and TCAP programs, the tenant-paid rent, plus the utility allowance, plus any mandatory fees, must be below the maximum limit set by TDHCA. [10 TAC §10.613\(a\)](#) prohibits the eviction or termination of tenancy of low-income households for reasons other than good cause throughout the affordability period in accordance with Revenue Ruling 2004-82. In addition, [10 TAC §10.613\(e\)](#) prohibits HTC developments from locking out or threatening to lock out any development resident, or seizing or threatening to seize personal property of a resident, except by judicial process, for purposes of performing necessary repairs or construction work, or in case of emergency. **Those prohibitions must be included in the lease or lease addendum.** Additionally, certain programs must include a Lead Warning Statement and the TDHCA VAWA lease addendum, per [10 TAC 10.613\(f\) and \(h\)](#). **TAA has an affordable housing lease addendum that has incorporated this required language.** If you are not a TAA member, you can draft a lease addendum using the requirements outlined above. For Section 811 units, you must use the HUD Model Lease, HUD form 92236-PRA.
9. **Written Policies and Procedures / Tenant Selection Criteria:** Written policies and procedures requirements are at [10 TAC §10.802](#).
10. **Violence Against Women Act of 2013 (VAWA):** The property is required to provide all prospective tenants the VAWA forms 5380 and 5382 at the time of application, at the time they are approved, at the time of denial, and at the time the household is given a notice to vacate or non-renewal. Forms are available at the Forms link above.
11. **Tenant Rights and Resources Guide:** In accordance with [10 TAC §10.613\(l\)](#), you must customize the Guide for your property and post a laminated copy in a common area of the leasing office. Development must also provide a copy of the guide to each household during the application process and upon any subsequent changes to the items described at paragraph b) below. The guide includes:

- a. Information about Fair Housing and tenant choice; and
- b. Information regarding common amenities, unit amenities, and services.

Additionally, a representative of each household must receive a copy of the guide and sign an acknowledgment of receipt of the brochure prior to, but no more than 120 days prior to, the initial lease execution date. A copy of the signed acknowledgment must be maintained in the tenant file.

Exhibit 3

NSPIRE Report and Instructions to Address NSPIRE Violations

Respondent must repair every violation listed in the attached inspection report, and then submit the following evidence of each repair via CMTS upload³ on or before June 30, 2025:

1. For repairs completed by in-house staff: Respondent may either (A) generate work orders by Building or Unit for all deficiencies found in that area, or (B) generate a separate work order for each deficiency. In both cases, work orders must include all of the following:
 - a. The location of the deficiency, i.e. Bldg. 5 Unit 502 or Site- near outside gate, etc;
 - b. Description of the deficiency, i.e. Damaged Doors, Hardware, locks – Bedroom door won't latch properly. Site-Hazards Other- Broken Glass;
 - c. How the deficiency was repaired. Just a few quick words are sufficient, i.e. "replaced bedroom door latch" or "adjusted bedroom door latch". "Removed broken glass." "Sheetrock repair, taped, floated, and painted". Conversely, words such as "fixed" "done", "complete" are inadequate and are NOT acceptable;
 - d. The date the deficiency was corrected; and
 - e. The signature of the person who either performed the repair or acknowledges that the repair was performed satisfactorily. This is very important. Someone must certify that the correction was acceptably completed.
2. For repairs completed by outside vendors, such as concrete repairs, roofing, etc.: Submit the scope of work and a dated invoice by the vendor.
3. For pest control violations: Submit a pest control invoice by a licensed contractor that includes the treatment date, contractor signature, units treated, and the type of pest treated. The Structural Pest Control Act (Chapter 1951 of the Occupations Code) requires licensing of businesses and individuals that perform structural pest control for hire. Additionally, persons performing pest control at an apartment building must be licensed.
4. Organization of corrections: All work orders and invoices must be organized in the same order that they are listed in the attached inspection report.
5. Photographs: Not required. If you do submit photographs, please ensure that they are labeled and that they support submitted work orders and or invoices. Photographs, by themselves, are not acceptable documentation of correction.

³ Submit via CMTS upload (see <https://www.tdhca.texas.gov/sites/default/files/pmcdocs/CMTSUserGuide-AttachingDocs.pdf>) to the attention of Ysella Kaseman, and then mail Ysella Kaseman at ysella.kaseman@tdhca.texas.gov upon completion to notify TDHCA that the submission is ready for review.

Bldg	Apt	Location	Item	HUD Standard	Result	Notes	Sev.
12		Main Entry	Conductors, Outlets, Switches	Exposed electrical conductor	Electrical conductor is not properly insulated/enclosed	Outside unit 1216	LT
1		Hallways & Corridors (Bldg)	Ceiling Covering and Finishes	Ceiling component is not functionally adequate	Ceiling component(s) is not functionally adequate		Severe
1		Hallways & Corridors (Bldg)	Ceiling Covering and Finishes	Ceiling component is not functionally adequate	Ceiling has sagging or dropping materials	Outside of unit 134	Severe
2		Hallways & Corridors (Bldg)	Sharp Edges	A sharp edge that can result in a cut or puncture hazard is present	Any item or component has a sharp edge that can puncture or cut	Outside unit 212	Severe
10		Hallways & Corridors (Bldg)	Ceiling Covering and Finishes	Ceiling component is not functionally adequate	Ceiling has sagging or dropping materials	Outside unit 1033	Severe
1	111	Laundry Room	GFCI/AFCI	An unprotected outlet is present within six feet of a water source	Missing GFCI protection on outlet within Six Feet of water source		Severe
1	113	Bathroom 1	Conductors, Outlets, Switches	Exposed electrical conductor	Electrical conductor is not properly insulated/enclosed		LT
1	113	Bathroom 1	Conductors, Outlets, Switches	Exposed electrical conductor	Electrical conductor is not properly insulated/enclosed		LT
1	113	Bathroom 1	Toilet	Only 1 toilet was installed, and it is missing	Toilet is missing (only toilet in unit)		LT
1	113	Bedroom 1	Floor Covering and Finishes	Floor substrate is exposed	10% or more of the floor substrate area is exposed in any room		Mod
1	113	Kitchen	Cooking Appliance	Primary cooking appliance is missing	Primary cooking appliance is missing	Missing stove	Severe
1	134	Bathroom 1	Toilet	A toilet is damaged or inoperable and at least 1 toilet is installed elsewhere that is operational	Toilet is damaged or inoperable (not only toilet in unit)	Missing handle	Mod
1	134	Bedroom 1	Smoke Alarms	Smoke alarm does not produce an audio or visual alarm when tested	Smoke alarm does not produce an audio or visual alarm when tested		LT
1	134	Bedroom 2	Sprinkler Assembly	Sprinkler assembly component is damaged, inoperable, or missing and it is detrimental to performance	Sprinkler head escutcheon is missing		LT
2	214	Bathroom 1	Sharp Edges	A sharp edge that can result in a cut or puncture hazard is present	Any item or component has a sharp edge that can puncture or cut		Severe

Bldg	Apt	Location	Item	HUD Standard	Result	Notes	Sev.
2	214	Bathroom 2	Conductors, Outlets, Switches	Exposed electrical conductor	Electrical conductor is not properly insulated/enclosed	Bathroom two above the shower	LT
2	214	Kitchen	Mold-Like Substances	Presence of mold-like substance at high levels is observed visually	Moisture damage on a surface from 1 to 9 S.F. (Units)		Severe
2	214	Laundry Room	Conductors, Outlets, Switches	Exposed electrical conductor	Electrical conductor is not properly insulated/enclosed		LT
2	214	Laundry Room	GFCI/AFCI	An unprotected outlet is present within six feet of a water source	Missing GFCI protection on outlet within Six Feet of water source		Severe
2	214	Living Room	Ceiling Covering and Finishes	Ceiling component is not functionally adequate	Ceiling has sagging or dropping materials		Severe
2	216	Bathroom 1	Door – General	A passage door component is damaged, inoperable, or missing and the door is not functionally adequate	A passage door component is damaged/missing/inoperable		Low
2	216	Bathroom 1	Toilet	A toilet is missing and at least 1 toilet is installed elsewhere that is operational	Toilet is missing (not only toilet in unit)		Mod
2	216	Bathroom 2	Conductors, Outlets, Switches	Exposed electrical conductor	Electrical conductor is not properly insulated/enclosed		LT
2	216	Kitchen	Conductors, Outlets, Switches	Exposed electrical conductor	Electrical conductor is not properly insulated/enclosed	Right ofmsink	LT
2	216	Kitchen	Cooking Appliance	Primary cooking appliance is missing	Primary cooking appliance is missing	Missing stove	Severe
2	216	Laundry Room	GFCI/AFCI	An unprotected outlet is present within six feet of a water source	Missing GFCI protection on outlet within Six Feet of water source		Severe
2	216	Living Room	Conductors, Outlets, Switches	Exposed electrical conductor	Electrical conductor is not properly insulated/enclosed	Right of entrance	LT
2	216	Living Room	HVAC Equipment	Fuel burning heating system or device exhaust vent is misaligned, blocked, disconnected, improperly connected, damaged, or missing	HVAC exhaust vent is damaged or missing		LT
2	216	Living Room	HVAC Equipment	Fuel burning heating system or device exhaust vent is misaligned, blocked, disconnected, improperly connected, damaged, or missing	HVAC exhaust vent is damaged or missing		LT
2	221	Bathroom 1	Ceiling Covering and Finishes	Ceiling component is not functionally adequate	Ceiling has sagging or dropping materials		Severe

Bldg	Apt	Location	Item	HUD Standard	Result	Notes	Sev.
2	221	Bathroom 1	GFCI/AFCI	GFCI outlet or GFCI breaker is not visibly damaged and the test or reset button is inoperable	GFCI outlet or GFCI breaker reset button does not test (No visible damage)		Severe
2	221	Bathroom 2	Sink	Sink is not draining	Sink is clogged/not draining	Master bath	Mod
2	226	Bedroom 2	Sprinkler Assembly	Sprinkler assembly component is damaged, inoperable, or missing and it is detrimental to performance	Sprinkler head escutcheon is missing		LT
2	226	Laundry Room	GFCI/AFCI	An unprotected outlet is present within six feet of a water source	Missing GFCI protection on outlet within Six Feet of water source		Severe
3	311	Kitchen	Infestation	Evidence of cockroaches	Evidence of cockroaches (Live, Dead, or Other Evidence)		Mod
3	311	Kitchen	Refrigerator	Refrigerator component is damaged such that it impacts functionality	Refrigerator door handle is damaged		Mod
3	321	Laundry Room	GFCI/AFCI	An unprotected outlet is present within six feet of a water source	Missing GFCI protection on outlet within Six Feet of water source		Severe
3	321	Living Room	Sprinkler Assembly	Sprinkler assembly component is damaged, inoperable, or missing and it is detrimental to performance	Sprinkler head escutcheon is missing	Above entry way	LT
3	324	Bathroom 1	Mold-Like Substances	Presence of mold-like substance at high levels is observed visually	Moisture damage on a surface from 1 to 9 S.F. (Units)		Severe
3	324	Bathroom 1	Toilet	Toilet is not secured at the base	Toilet is not secured at base/loose		Mod
3	324	Bathroom 2	Ceiling Covering and Finishes	Ceiling component is not functionally adequate	Ceiling component(s) is not functionally adequate		Severe
3	324	Bathroom 2	Toilet	Toilet is not secured at the base	Toilet is not secured at base/loose		Mod
3	324	Bedroom 2	Smoke Alarms	Smoke alarm is not installed where required	Smoke alarm not installed in a sleeping room		LT
3	324	Kitchen	Infestation	Evidence of cockroaches	Evidence of cockroaches (Live, Dead, or Other Evidence)		Mod
3	324	Laundry Room	GFCI/AFCI	An unprotected outlet is present within six feet of a water source	Missing GFCI protection on outlet within Six Feet of water source		Severe
4	417	Bedroom 1	Smoke Alarms	Smoke alarm is not installed where required	Smoke alarm not installed in a sleeping room		LT
4	417	Bedroom 2	Smoke Alarms	Smoke alarm is not installed where required	Smoke alarm not installed in a sleeping room		LT
4	417	Hallways & Corridors	Conductors, Outlets, Switches	Exposed electrical conductor	Electrical conductor is not properly insulated/enclosed		LT

Bldg	Apt	Location	Item	HUD Standard	Result	Notes	Sev.
4	417	Kitchen	GFCI/AFCI	GFCI outlet or GFCI breaker is not visibly damaged and the test or reset button is inoperable	GFCI outlet or GFCI breaker reset button does not test (No visible damage)	Right of sink	Severe
4	417	Laundry Room	GFCI/AFCI	An unprotected outlet is present within six feet of a water source	Missing GFCI protection on outlet within Six Feet of water source		Severe
4	417	Living Room	Sharp Edges	A sharp edge that can result in a cut or puncture hazard is present	Any item or component has a sharp edge that can puncture or cut	Broken window right of entrance in living room	Severe
4	417	Living Room	Window	Window component is damaged or missing and the window is not functionally adequate	A unit window is damaged or missing affecting illumination or protection from the elements		Mod
4	423	Laundry Room	GFCI/AFCI	An unprotected outlet is present within six feet of a water source	Missing GFCI protection on outlet within Six Feet of water source		Severe
5	511	Bathroom 1	Conductors, Outlets, Switches	Exposed electrical conductor	Electrical conductor is not properly insulated/enclosed	Above shower master bathroom	LT
5	511	Bedroom 1	Conductors, Outlets, Switches	Exposed electrical conductor	Electrical conductor is not properly insulated/enclosed		LT
5	511	Bedroom 1	Conductors, Outlets, Switches	Exposed electrical conductor	Exposed electrical conductor		LT
5	511	Bedroom 1	Conductors, Outlets, Switches	Exposed electrical conductor	Exposed electrical conductor		LT
5	511	Bedroom 1	Sharp Edges	A sharp edge that can result in a cut or puncture hazard is present	Any item or component has a sharp edge that can puncture or cut		Severe
5	511	Bedroom 1	Smoke Alarms	Smoke alarm is not installed where required	Smoke alarm not installed in a sleeping room		LT
5	511	Bedroom 1	Window	Window component is damaged or missing and the window is not functionally adequate	A unit window is damaged or missing affecting illumination or protection from the elements		Mod
5	511	Bedroom 2	Smoke Alarms	Smoke alarm is not installed where required	Smoke alarm not installed in a sleeping room		LT
5	511	Hallways & Corridors	Smoke Alarms	Smoke alarm is not installed where required	Smoke alarm not installed outside a sleeping room		LT
5	511	Kitchen	Conductors, Outlets, Switches	Exposed electrical conductor	Electrical conductor is not properly insulated/enclosed	Above stove hookup	LT
5	511	Kitchen	Cooking Appliance	Primary cooking appliance is missing	Primary cooking appliance is missing		Severe

Bldg	Apt	Location	Item	HUD Standard	Result	Notes	Sev.
5	511	Living Room	Ceiling Covering and Finishes	Ceiling component is not functionally adequate	Ceiling component(s) is not functionally adequate		Severe
6	616	Bathroom 1	Ceiling Covering and Finishes	Ceiling component is not functionally adequate	Ceiling component(s) is not functionally adequate		Severe
6	616	Bedroom 1	Ceiling Covering and Finishes	Ceiling component is not functionally adequate	Ceiling component(s) is not functionally adequate		Severe
6	616	Bedroom 1	Door – General	A door that is not intended to permit access between rooms has a damaged, inoperable, or missing component	Closet door component is missing, damaged or inoperable		Low
6	616	Bedroom 1	Mold-Like Substances	Presence of mold-like substance at extremely high levels is observed visually	Moisture damage on a surface more than 9 S.F. (Units)		LT
6	616	Bedroom 2	Conductors, Outlets, Switches	Exposed electrical conductor	Electrical conductor is not properly insulated/enclosed		LT
6	616	Living Room	Ceiling Covering and Finishes	Ceiling component is not functionally adequate	Ceiling component(s) is not functionally adequate		Severe
6	616	Living Room	Floor Covering and Finishes	Floor substrate is exposed	10% or more of the floor substrate area is exposed in any room		Mod
6	616	Living Room	Mold-Like Substances	Presence of mold-like substance at high levels is observed visually	Moisture damage on a surface from 1 to 9 S.F. (Units)		Severe
6	623	Bedroom 2	Sprinkler Assembly	Sprinkler assembly component is damaged, inoperable, or missing and it is detrimental to performance	Sprinkler head escutcheon is missing	Master bedroom	LT
6	623	Living Room	Ceiling Covering and Finishes	Ceiling component is not functionally adequate	Ceiling component(s) is not functionally adequate		Severe
7	712	Bedroom 1	Smoke Alarms	Smoke alarm is not installed where required	Smoke alarm not installed in a sleeping room		LT
7	712	Bedroom 2	Sprinkler Assembly	Sprinkler assembly component is damaged, inoperable, or missing and it is detrimental to performance	Sprinkler head escutcheon is missing		LT
7	712	Hallways & Corridors	Smoke Alarms	Smoke alarm is not installed where required	Smoke alarm not installed outside a sleeping room		LT
7	712	Hallways & Corridors	Sprinkler Assembly	Sprinkler assembly component is damaged, inoperable, or missing and it is detrimental to performance	Sprinkler head escutcheon is missing		LT
7	712	Kitchen	Refrigerator	Refrigerator component is damaged such that it impacts functionality	Refrigerator door seal is damaged		Mod

Bldg	Apt	Location	Item	HUD Standard	Result	Notes	Sev.
7	712	Living Room	Sprinkler Assembly	Sprinkler assembly component is damaged, inoperable, or missing and it is detrimental to performance	Sprinkler head escutcheon is missing		LT
7	721	Bathroom 1	Sprinkler Assembly	Sprinkler head assembly is encased or obstructed by an item or object that is within 18 inches of the sprinkler head	Sprinkler head is encased/obstructed		LT
7	721	Bedroom 1	Smoke Alarms	Smoke alarm is not installed where required	Smoke alarm not installed in a sleeping room		LT
7	721	Bedroom 1	Sprinkler Assembly	Sprinkler assembly component is damaged, inoperable, or missing and it is detrimental to performance	Sprinkler head escutcheon is missing		LT
7	721	Bedroom 2	Smoke Alarms	Smoke alarm is not installed where required	Smoke alarm not installed in a sleeping room		LT
7	721	Hallways & Corridors	Smoke Alarms	Smoke alarm is not installed where required	Smoke alarm not installed outside a sleeping room		LT
7	725	Bathroom 2	GFCI/AFCI	An unprotected outlet is present within six feet of a water source	Missing GFCI protection on outlet within Six Feet of water source	Left of sink	Severe
7	725	Laundry Room	GFCI/AFCI	An unprotected outlet is present within six feet of a water source	Missing GFCI protection on outlet within Six Feet of water source		Severe
8	813	Bathroom 1	Toilet	Toilet is not secured at the base	Toilet is not secured at base/loose		Mod
8	813	Laundry Room	GFCI/AFCI	An unprotected outlet is present within six feet of a water source	Missing GFCI protection on outlet within Six Feet of water source		Severe
8	817	Living Room	Conductors, Outlets, Switches	Exposed electrical conductor	Exposed electrical conductor		LT
8	817	Living Room	Smoke Alarms	Smoke alarm is not installed where required	Smoke alarm not installed outside a sleeping room		LT
8	822	Bedroom 1	Smoke Alarms	Smoke alarm is not installed where required	Smoke alarm not installed in a sleeping room		LT
8	822	Laundry Room	GFCI/AFCI	An unprotected outlet is present within six feet of a water source	Missing GFCI protection on outlet within Six Feet of water source		Severe
9	912	Bedroom 1	Sprinkler Assembly	Sprinkler assembly component is damaged, inoperable, or missing and it is detrimental to performance	Sprinkler head escutcheon is missing		LT
9	912	Kitchen	Infestation	Evidence of cockroaches	Evidence of cockroaches (Live, Dead, or Other Evidence)		Mod

Bldg	Apt	Location	Item	HUD Standard	Result	Notes	Sev.
9	912	Laundry Room	GFCI/AFCI	An unprotected outlet is present within six feet of a water source	Missing GFCI protection on outlet within Six Feet of water source		Severe
9	915	Bedroom 1	Sprinkler Assembly	Sprinkler assembly component is damaged, inoperable, or missing and it is detrimental to performance	Sprinkler assembly component is missing or damaged		LT
9	915	Kitchen	Sprinkler Assembly	Sprinkler assembly component is damaged, inoperable, or missing and it is detrimental to performance	Sprinkler head escutcheon is missing		LT
9	915	Laundry Room	GFCI/AFCI	An unprotected outlet is present within six feet of a water source	Missing GFCI protection on outlet within Six Feet of water source		Severe
10	1013	Bedroom 1	Smoke Alarms	Smoke alarm does not produce an audio or visual alarm when tested	Smoke alarm does not produce an audio or visual alarm when tested		LT
10	1013	Bedroom 2	Smoke Alarms	Smoke alarm is not installed where required	Smoke alarm not installed in a sleeping room		LT
10	1013	Kitchen	Infestation	Evidence of cockroaches	Evidence of cockroaches (Live, Dead, or Other Evidence)		Mod
10	1013	Laundry Room	GFCI/AFCI	An unprotected outlet is present within six feet of a water source	Missing GFCI protection on outlet within Six Feet of water source		Severe
10	1022	Bedroom 1	Smoke Alarms	Smoke alarm is not installed where required	Smoke alarm not installed in a sleeping room		LT
10	1022	Hallways & Corridors	Smoke Alarms	Smoke alarm is not installed where required	Smoke alarm not installed outside a sleeping room		LT
10	1022	Kitchen	Refrigerator	Refrigerator component is damaged such that it impacts functionality	Refrigerator door seal is damaged		Mod
10	1022	Laundry Room	Conductors, Outlets, Switches	Exposed electrical conductor	Electrical conductor is not properly insulated/enclosed		LT
10	1022	Laundry Room	GFCI/AFCI	An unprotected outlet is present within six feet of a water source	Missing GFCI protection on outlet within Six Feet of water source		Severe
10	1022	Living Room	Sprinkler Assembly	Sprinkler assembly component is damaged, inoperable, or missing and it is detrimental to performance	Sprinkler head escutcheon is missing		LT
10	1033	Bedroom 1	Smoke Alarms	Smoke alarm is not installed where required	Smoke alarm not installed in a sleeping room		LT
10	1033	Bedroom 2	Sprinkler Assembly	Sprinkler assembly component is damaged, inoperable, or missing and it is detrimental to performance	Sprinkler head escutcheon is missing		LT

Bldg	Apt	Location	Item	HUD Standard	Result	Notes	Sev.
10	1033	Hallways & Corridors	Smoke Alarms	Smoke alarm is not installed where required	Smoke alarm not installed outside a sleeping room	Outside of bedroom. 2	LT
10	1033	Kitchen	Refrigerator	Refrigerator component is damaged such that it impacts functionality	Refrigerator door seal is damaged		Mod
10	1033	Living Room	Sprinkler Assembly	Sprinkler head assembly is encased or obstructed by an item or object that is within 18 inches of the sprinkler head	Sprinkler head is encased/obstructed		LT
11	1111	Bedroom 2	Smoke Alarms	Smoke alarm is not installed where required	Smoke alarm not installed in a sleeping room		LT
11	1115	Bathroom 1	Toilet	Toilet is not secured at the base	Toilet is not secured at base/loose		Mod
11	1118	Kitchen	Conductors, Outlets, Switches	Exposed electrical conductor	Electrical conductor is not properly insulated/enclosed		LT
11	1118	Kitchen	Conductors, Outlets, Switches	Exposed electrical conductor	Electrical conductor is not properly insulated/enclosed		LT
11	1118	Kitchen	Cooking Appliance	Primary cooking appliance is missing	Primary cooking appliance is missing		Severe
11	1118	Living Room	Conductors, Outlets, Switches	Exposed electrical conductor	Electrical conductor is not properly insulated/enclosed		LT
11	1118	Living Room	Conductors, Outlets, Switches	Exposed electrical conductor	Electrical conductor is not properly insulated/enclosed		LT
11	1118	Living Room	Conductors, Outlets, Switches	Exposed electrical conductor	Electrical conductor is not properly insulated/enclosed		LT
11	1118	Living Room	Conductors, Outlets, Switches	Exposed electrical conductor	Electrical conductor is not properly insulated/enclosed		LT
11	1118	Living Room	Conductors, Outlets, Switches	Exposed electrical conductor	Electrical conductor is not properly insulated/enclosed		LT
11	1118	Living Room	Conductors, Outlets, Switches	Exposed electrical conductor	Electrical conductor is not properly insulated/enclosed		LT
11	1118	Living Room	Conductors, Outlets, Switches	Exposed electrical conductor	Electrical conductor is not properly insulated/enclosed		LT
12	1216	Bathroom 1	Conductors, Outlets, Switches	Exposed electrical conductor	Electrical conductor is not properly insulated/enclosed		LT
12	1216	Bathroom 2	Conductors, Outlets, Switches	Exposed electrical conductor	Electrical conductor is not properly insulated/enclosed		LT

Bldg	Apt	Location	Item	HUD Standard	Result	Notes	Sev.
12	1216	Bedroom 1	Conductors, Outlets, Switches	Exposed electrical conductor	Electrical conductor is not properly insulated/enclosed		LT
12	1216	Bedroom 2	Conductors, Outlets, Switches	Exposed electrical conductor	Electrical conductor is not properly insulated/enclosed		LT
12	1216	Bedroom 2	Conductors, Outlets, Switches	Exposed electrical conductor	Electrical conductor is not properly insulated/enclosed		LT
12	1216	Dining Room	Conductors, Outlets, Switches	Exposed electrical conductor	Electrical conductor is not properly insulated/enclosed		LT
12	1216	Dining Room	Wall Covering and Finish – Interior	Interior wall component is not functionally adequate	Interior wall component(s) is not functionally adequate		Mod
12	1216	Kitchen	Ceiling Covering and Finishes	Ceiling component is not functionally adequate	Ceiling component(s) is not functionally adequate		Severe
12	1216	Kitchen	Conductors, Outlets, Switches	Outlet does not have visible damage and testing indicates it is not energized	Electric outlet inoperable (no visible damage)		Severe
12	1216	Kitchen	Conductors, Outlets, Switches	Exposed electrical conductor	Electrical conductor is not properly insulated/enclosed		LT
12	1216	Kitchen	Wall Covering and Finish – Interior	Interior wall component is not functionally adequate	Interior wall component(s) is not functionally adequate		Mod
12	1216	Living Room	Ceiling Covering and Finishes	Ceiling component is not functionally adequate	Ceiling component(s) is not functionally adequate		Severe
12	1216	Living Room	Wall Covering and Finish – Interior	Interior wall component is not functionally adequate	Interior wall component(s) is not functionally adequate		Mod
12	1222	Bathroom 2	GFCI/AFCI	GFCI outlet or GFCI breaker is not visibly damaged and the test or reset button is inoperable	GFCI outlet or GFCI breaker reset button does not test (No visible damage)		Severe
12	1222	Bathroom 2	GFCI/AFCI	An unprotected outlet is present within six feet of a water source	Missing GFCI protection on outlet within Six Feet of water source		Severe
13	1312	Bedroom 1	Smoke Alarms	Smoke alarm is not installed where required	Smoke alarm not installed in a sleeping room		LT
13	1312	Dining Room	Sprinkler Assembly	Sprinkler assembly component is damaged, inoperable, or missing and it is detrimental to performance	Sprinkler head escutcheon is missing		LT
13	1312	Hallways & Corridors	Smoke Alarms	Smoke alarm does not produce an audio or visual alarm when tested	Smoke alarm does not produce an audio or visual alarm when tested		LT
13	1312	Laundry Room	GFCI/AFCI	An unprotected outlet is present within six feet of a water source	Missing GFCI protection on outlet within Six Feet of water source		Severe

Bldg	Apt	Location	Item	HUD Standard	Result	Notes	Sev.
13	1312	Laundry Room	Smoke Alarms	Smoke alarm does not produce an audio or visual alarm when tested	Smoke alarm does not produce an audio or visual alarm when tested		LT
13	1315	Laundry Room	GFCI/AFCI	An unprotected outlet is present within six feet of a water source	Missing GFCI protection on outlet within Six Feet of water source		Severe
13	1321	Living Room	Sprinkler Assembly	Sprinkler assembly component is damaged, inoperable, or missing and it is detrimental to performance	Sprinkler head escutcheon is missing		LT
14	1412	Bedroom 1	Smoke Alarms	Smoke alarm is not installed where required	Smoke alarm not installed in a sleeping room		LT
14	1412	Bedroom 1	Sprinkler Assembly	Sprinkler assembly component is damaged, inoperable, or missing and it is detrimental to performance	Sprinkler head escutcheon is missing		LT
14	1412	Hallways & Corridors	Smoke Alarms	Smoke alarm does not produce an audio or visual alarm when tested	Smoke alarm does not produce an audio or visual alarm when tested		LT
14	1422	Bedroom 1	Smoke Alarms	Smoke alarm is not installed where required	Wall-mounted smoke alarm within 4in. of a ceiling		LT
14	1422	Bedroom 2	Ceiling Covering and Finishes	Ceiling component is not functionally adequate	Ceiling component(s) is not functionally adequate		Severe



Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 912

Agenda Date: 01/16/2025

Agenda #: 22

Presentation, discussion, and possible action regarding a waiver of 10 TAC §1.15(d) for Village Apartments

**TO BE POSTED
NOT LATER THAN
THE THIRD DAY
BEFORE THE
DATE OF THE
MEETING**