Texas Department of Housing and Community Affairs

Supplemental Board Book

Thursday, October 9, 2025
10:00 AM

Barbara Jordan State Office Building
Room 2.034
1601 Congress Avenue
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 2025

CY25 9% LIHTC Program

- Total Applications Rec'd: 97
- Total Market Rate Units Proposed: 300
- Total Low-Income Units Proposed: 6,864
- Total HTCs Requested: $154,973,052

Construction Type:

- Total Proposed New Construction Projects: 74
- Total Proposed Reconstruction Projects: 6
- Total Proposed Rehab Projects: 17

CY25 4% LIHTC Program

Active or Approved Applications:

- Total Applications: 41
- Total Units Proposed: 8,382

Closed Applications:

- Total Applications: 16
- Number of Low-Income Units Proposed: 3,389

Construction Type

- Total Proposed New Construction Projects: 28
- Total Proposed Rehab/Reconstruction Projects: 29

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: $1,112,327,283
Total Households Served: 4,683

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: $195,742,052
Total Households Served: 131,518

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: $16,525,967
Total Individuals Served: 41,863

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: $37,682,484
Total Households Served: 3,689

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: $21,447,545
  Total Households Served: 202

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: $35,631,054
Total Individuals Served: 282,211

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: $2,533,190
Total Households Served: 52

Total Expended Funds: $1,780,217,549
Total Households Served: 484,392

All FY2025 data as reported in TDHCA's 2025 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: 9/1/2024-8/31/2025 (4% Program figures as of 9/5/2025; 9% LIHTC Program figures as of 6/27/2025)

* 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 September 4, 2025	Beau Eccles

ASSET MANAGEMENT

2.	Presentation, discussion, and possible action regarding a Material Amendment to the Housing Tax Credit Application for Uvalde Villas (HTC #21039/22813/23909)	Rosalio Banuelos
3.	Presentation, discussion, and possible action regarding a Material Amendment to the Housing Tax Credit Application for Landing at San Felipe (HTC #23027)	Rosalio Banuelos
4.	Presentation, discussion, and possible action regarding a Material Amendment to the Housing Tax Credit Application for Corrigan Square Apartments (HTC #24075)	Rosalio Banuelos
5.	Presentation, discussion, and possible action regarding an increase to the Housing Tax Credit amount for Wildhorse Flats (HTC #20488)	Rosalio Banuelos

BOND FINANCE

6. Presentation, discussion, and possible action on Resolution No. 26-002 authorizing request to the Texas Bond Review Board for annual waiver of Single Family Mortgage Revenue Bond set-aside requirements; authorizing the execution of documents and instruments relating thereto; making certain findings and determinations in connection therewith; and containing other provisions relating to the subject — Scott Fletcher

HOME-ARP

7. Presentation, discussion, and possible action regarding an award from the 2024 HOME American Rescue Plan Non-Congregate Shelter Invitation to Apply for The Other Ones Foundation — Naomi Cantu

LEGAL

8. Presentation, discussion, and possible action on recommendation to debar Lionel Sims, Archie L. Jones, and Calvert Arms, Ltd. relating to Calvert Arms Apartments (HTC 92096 / CMTS 1064), and presentation of a related report to the Board regarding intention to issue a Notice of Violation seeking the assessment of administrative penalties through a contested case hearing with the State Office of Administrative Hearings — Sascha Stremler

RULES

9. Presentation, discussion, and possible action on an order proposing the repeal of 10 TAC Chapter 2, Subchapter D, Debarment from Participation in Programs Administered by the Department, §2.401 General; an order proposing new 10 TAC Chapter 2, Subchapter D, Debarment from Participation in Programs Administered by the Department, §2.401 General; and directing their publication for public comment in the Texas Register — Sascha Stremler

SINGLE FAMILY & HOMELESS PROGRAMS

10. Presentation, discussion, and possible action on an amendment to the 2026 Annual Public Housing Agency (PHA) Plan for the Housing Choice Voucher Program and associated waivers of certain provisions of 10 TAC §5.802 — Andre Adams

MULTIFAMILY BOND

11. Presentation, discussion and possible action regarding a waiver of 10 TAC §11.302(d)(1)(B) of the Qualified Allocation Plan (QAP) relating to miscellaneous income for Aster Villas (#25490). — Jonathan Galvan

MULTIFAMILY FINANCE

12. Presentation, discussion, and possible action on an extension of the development period for Southton Apartments — Connor Jones

CONSENT AGENDA REPORT ITEMS

13. Media Analysis and Outreach Report, August 2025 — Michael Lyttle

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

14. Executive Director's Report — Bobby Wilkinson

ACTION REPORT ITEMS

15. Report on the closing of the Department's Residential Mortgage Revenue Bonds 2025 Series D (Non-AMT) — Scott Fletcher

BOND FINANCE

16. Presentation, discussion, and possible action regarding resolution no. 26-001 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; 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. — Scott Fletcher

17. Presentation, discussion, and possible action regarding Resolution No. 26-003 authorizing the implementation of Texas Department of Housing and Community Affairs Mortgage Credit Certificate Program 113, approving the form and substance of the program manual and the program summary, authorizing the execution of documents and instruments necessary or convenient to carry out Mortgage Credit Certificate Program 113, and containing other provisions relating to the subject — Scott Fletcher

MULTIFAMILY BOND

18. Presentation, discussion, and possible action regarding eligibility under 10 TAC §11.101(b)(1)(D) related to Ineligibility of Developments within Areas of High Crime for Bernicia Place (#25476) — Teresa Morales

ASSET MANAGEMENT

19.	Presentation, discussion, and possible action regarding a Material Amendment to the Housing Tax Credit Application 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 Athens Trails (HTC #24215)	Rosalio Banuelos
20.	Presentation, discussion, and possible action regarding a Material Amendment to the Housing Tax Credit Application 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 Gatesville Crossing (HTC #24224)	Rosalio Banuelos

LEGAL

21.	Presentation, discussion, and possible action on recommendation to adopt an Agreed Final Order assessing an administrative penalty relating to Jubilee at Texas Parkway (HTC 17317 / CMTS 5333)	Sascha Stremler

RULES

22.	Presentation, discussion, and possible action on an order proposing the repeal of 10 TAC Chapter 2, Subchapter C, Administrative Penalties, §2.302 Administrative Penalty Process; an order proposing new 10 TAC Chapter 2, Subchapter C, Administrative Penalties, §2.302 Administrative Penalty Process; and directing their publication for public comment in the Texas Register	Sascha Stremler
23.	Presentation, discussion, and possible action on an order proposing the repeal of 10 TAC Chapter 12, concerning the Multifamily Housing Revenue Bond Rules, and an order proposing new 10 TAC Chapter 12 concerning the Multifamily Housing Revenue Bond Rules, and directing their publication for public comment in the Texas Register	Teresa Morales
24.	Presentation, discussion, and possible action on an order proposing new 10 Texas Administrative Code Chapter 10, Uniform Multifamily Rules, Subchapter J, Housing Finance Corporation Compliance Monitoring and directing its publication for public comment in the Texas Register	Wendy Quackenbush

HOME-ARP

25.	Presentation, discussion, and possible action regarding awards from the 2025 HOME American Rescue Plan Nonprofit Capacity Building and Operating Notice of Funding Availability (NOFA), as amended	Naomi Cantu

MULTIFAMILY FINANCE

26.	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 Retirement Living for Seniors	Josh Goldberger

27.	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 Retreat at Esther	Josh Goldberger
28.	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 Inn Town Lofts	Josh Goldberger
29.	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 Northpark Garden Villas	Josh Goldberger
30.	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 Andover Village	Cody Campbell
31.	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 Sunset Ridge	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 #: 1175 **Agenda Date:** 10/9/2025 **Agenda #:** 1.

Presentation, discussion, and possible action on the Board meeting minutes summary for September 4, 2025

RECOMMENDED ACTION

Approve the Board meeting minutes summary for September 4, 2025.

RESOLVED, that the Board meeting minutes summary for September 4, 2025, is hereby approved as presented.

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Texas Department of Housing and Community Affairs Governing Board
Board Meeting Minutes Summary
September 4, 2025

On Thursday, the fourth day of September 2025, at 10:00 a.m., the monthly meeting of the Governing Board (Board) of the Texas Department of Housing and Community Affairs ("TDHCA" or "the Department") was held at the UT Thompson Conference Center, Room 1.110, 2405 Robert Dedman Drive, Austin, TX 78712.

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; Megan Sylvester served as Deputy General Counsel; and Michael Lyttle served as Assistant Secretary.

1) Mr. Lyttle read a resolution into the record which the Board accepted celebrating October 2025 as National Energy Awareness Month in Texas.

2) The Board unanimously approved the Consent Agenda (items 1-4 and 6-9) and Consent Agenda Report Items (items 10-11) as presented. However, Item 5 – Presentation, discussion, and possible approval regarding the establishment of the salary of the Executive Director – was pulled from the agenda. (*Note: Member Conroy abstained from voting on these items.*)

3) Action Item 12 – Executive Director's Report – was presented by Bobby Wilkinson, TDHCA Executive Director. The Board heard the report and took no further action.

4) Action Item 13 – Report on the Meeting of the Internal Audit and Finance Committee – was presented by Mr. Thomas, committee chair. The Board heard the report and took no further action.

5) Action Item 14 – Presentation, discussion, and possible action on the appointment of Colonia Resident Advisory Committee members – was presented by Chad Landry, TDHCA Manager of Single Family Programs. The Board unanimously adopted staff recommendation to approve the committee members as referenced in the item.

6) Action Item 15 – Presentation, discussion, and possible action on a Colonia Self-Help Center Program Award to Cameron County in accordance with Tex. Gov't Code §2306.582 through Community Development Block Grant Funding – was presented by Mr. Landry. The Board unanimously adopted staff recommendation on the award to Cameron County.

7) Action Item 16 – Presentation, discussion, and possible action on Program Year 2025 Emergency Solutions Grants Program Awards – was presented by Rosy Falcon, TDHCA Manager of Homeless Programs. The Board approved staff recommendation to make the awards as referenced in the item.

8) Action Item 17 – Report relating to the conclusion of the 2024 Non-competitive 4% Housing Tax Credit Program and an update on the 2025 Non-competitive 4% Housing Tax Credit Program – was presented by Jonathan Galvan, TDHCA Manager of the 4% Housing Tax Credit Program. The Board heard the report and took no further action.

9) Action Item 18 – Presentation, discussion, and possible action on approving new outside counsel contracts, and delegation of contract signature authority to the Executive Director – was presented by Teresa Morales, TDHCA Director of the 4% Housing Tax Credit Program. The Board unanimously adopted staff recommendation to approve the contracts as referenced in the item as well as the delegation of signature authority.

10) Action Item 19 – Presentation, discussion, and possible action regarding a Material Amendment to the Housing Tax Credit Application for The Bryan (HTC #24168) – was presented by Rosalio Banuelos, TDHCA Director of Asset Management. Additional information was provided by Mr. Wilkinson and Cody Campbell, TDHCA Director of Multifamily Finance. Staff recommended approval for part of the amendment request – the acreage change and the additional guarantor – but denial for the part requesting a reduction in the number of low-income units. Following public comment (listed below), the Board denied the entire material amendment request.

- Alfredo Izmajtovich, Cesar Chavez Foundation, provided comments in opposition to staff recommendation
- Davonne Lewis, Boston Financial, provided comments in opposition to staff recommendation
- Jose Vargas, City of Mission Economic Development Council, provided comments in opposition to staff recommendation
- Kathryn Saar, Brownstone Group, provided comments on the item
- Ellen Moskalik, Cesar Chavez Foundation, provided comments in opposition to staff recommendation

11) Action Item 20 – Presentation, discussion, and possible action regarding a waiver of 10 TAC §11.101(b)(4)(D) for Granada Apartments (HTC #21425) – was presented by Mr. Banuelos. The Board unanimously adopted staff recommendation to approve the waiver request.

12) Action Item 21 – Presentation, discussion, and possible action on previously tabled recommendation to debar Rise Residential Construction Riverside, LLC, Melissa Fisher, Sonoma Housing Advisors, LLC, and James R. (Bill) Fisher, relating to Riverside Heights Senior Living AKA Legacy Riverside Senior Living Community (HTC #20613 / Bond #20613B / CMTS 5659) – was presented by Sascha Stremler, TDHCA Assistant General Counsel. Additional information was provided by Mr. Wilkinson and Ms. Sylvester. Following public comment (listed below), the Board unanimously approved staff recommendation as identified at the meeting to grant the appeal from Ms. Fisher. Also, the Board by a 4-2 vote (members Vasquez and Thomas voted nay) approved staff recommendation to deny the appeal from Mr. Fisher.

- John Shackelford, attorney for Melissa Fisher, provided comments on the item
- Melissa Fisher provided comments on the item
- James R. (Bill) Fisher provided comments on the item
- Robert Wood, attorney for Mr. Fisher, provided comments on the item

13) Action Item 22 – Presentation, discussion, and possible action on recommendation to adopt Agreed Final Orders assessing an administrative penalty relating to Villa de Reposo San Luis Asherton (HOME 539110 / CMTS 2730) and Villa de Reposo Encinal (HOME 530201 / CMTS 4002) – was presented by Ms. Stremler with additional information from Mr. Wilkinson. The Board unanimously approved staff recommendation as clarified at the meeting to adopt the agreed final orders.

14) Action Item 23 – Presentation, discussion, and possible action on recommendation to adopt an Agreed Final Order assessing an administrative penalty relating to Accessible Housing Austin (NSP 77090000101, CMTS 5169) and AHA! At Briarcliff (TCAP-RF 13160017511, NHTF 82600017511, CMTS 5170) – was presented by Ms. Stremler. Following public comment (listed below), the Board approved staff recommendation to adopt the agreed final order.

- Stephanie Thomas, AHA! At Briarcliff representative, provided comments on the item

15) Action Item 24 – Presentation, discussion, and possible action regarding authorization to release a Notice of Funding Availability for 2026 Community Services Block Grant Discretionary funds for education and employment initiatives for Native American and migrant and seasonal farm worker populations – was presented by Michael De Young, TDHCA Director of Community Affairs. The Board unanimously adopted staff recommendation to approve the release of the NOFA.

16) Action Item 25 – Presentation, discussion, and possible action on an order proposing the repeal of 10 TAC Chapter 1, Subchapter D, Uniform Guidance for Recipients of Federal and State Funds, §1.410 Determination of Alien Status for Program Beneficiaries; an order proposing new 10 TAC Chapter 1, Subchapter D, Uniform Guidance for Recipients of Federal and State Funds, §1.410 Determination of Alien Status for Program Beneficiaries; and directing their publication for public comment in the *Texas Register* – was pulled from the agenda.

17) Action Item 26 – Presentation, discussion, and possible action on a request for reasonable accommodation under the Section 8 Housing Choice Voucher Program – was presented by Abigail Versyp, TDHCA Director of Single Family and Homeless Programs, with additional information from Ms. Sylvester. Following public comment (listed below), the Board unanimously approved staff recommendation to deny the request.

- Deanna Jenkins, the reasonable accommodation requestor, provided comments in opposition to staff recommendation

18) Action Item 27 – Presentation, discussion, and possible action on the proposed repeal of 10 TAC Chapter 11 concerning the Housing Tax Credit Program Qualified Allocation Plan, proposed new 10 TAC Chapter 11 concerning the Housing Tax Credit Program Qualified Allocation Plan, and directing their publication for public comment in the *Texas Register* – was presented by Mr. Campbell. Additional information was provided by Mr. Wilkinson; Ms. Sylvester; and Jeanna Adams, TDHCA Director of Real Estate Analysis. Following public comment (listed below), the Board unanimously adopted staff recommendation as amended at the meeting to repeal the existing rules and publish the new draft rules.

- Karsten Lowe, representing JPI and the Texas Affiliation of Affordable Housing Providers, provided comments on the item
- Tanya Lavelle, Disability Rights Texas, provided comments on the item
- Kathryn Saar, Texas Affiliation of Affordable Housing Providers, provided comments on the item
- Timothy Alcott, Opportunity Home San Antonio, provided comments on the item
- Tim Smith, Hoke Development Services, provided comments on the item
- Jake Mooney, JCM Ventures, provided comments on the item
- Erin Hahn, Texas Housers, provided comments on the item
- Robbye Meyer, Rural Rental Housing Association of Texas, provided comments on the item
- Donna Rickenbacker, Marque Real Estate Consultants, provided comments on the item
- Zachary Krochtengel, Sycamore Development, provided comments on the item

19) Action Item 28 – Presentation, discussion, and possible action regarding an appeal of the termination of a loan Application for Braniff Lofts – was presented by Mr. Campbell. Following public comment (listed below), the Board unanimously approved staff recommendation to deny the appeal.

- Zachary Krochtengel, representing Braniff Lofts, provided comments in opposition to staff recommendation

20) Action Item 29 – 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 Westwood Apartments – was presented by Josh Goldberger, TDHCA

Manager of the 9% Housing Tax Credit Program. Following public comment (listed below), the Board unanimously adopted staff recommendation to approve the force majeure request.

- Michael Tamez, Madhouse Development, provided comments in support of staff recommendation

21) Action Item 30 – 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 The Bryan – was pulled from the agenda.

22) Action Item 31 – 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 End Lofts – was presented by Mr. Goldberger. The Board unanimously adopted staff recommendation to approve 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 3:33 p.m. The next meeting is scheduled for Thursday, October 9, 2025.

_____
Secretary

Approved:

_____
Chair

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1156 **Agenda Date:** 10/9/2025 **Agenda #:** 2.

Presentation, discussion, and possible action regarding a Material Amendment to the Housing Tax Credit Application for Uvalde Villas (HTC #21039/22813/23909)

RECOMMENDED ACTION

WHEREAS, Uvalde Villas (the Development) received a 9% Housing Tax Credit (HTC) award in 2021, a Force Majeure reallocation of tax credits and a Multifamily Direct Loan HOME award in 2022, and supplemental credits in 2023 to construct 102 units, of which 96 are designated as low-income units, of multifamily housing in McAllen, Hidalgo County;

WHEREAS, TGO Uvalde 21, LP (Development Owner or Owner) requests approval to decrease the size of the Development site from 7.39 acres to 6.96 acres, due to a dedication for right-of-way required by the City of McAllen, which resulted in a 6.27% increase in residential density from 13.797 units per acre to 14.661 units per acre;

WHEREAS, Board approval is required for a modification of the residential density of at least 5% as directed in Tex. Gov't Code §2306.6712(d)(6) and 10 TAC §10.405(a)(4)(F), and the Owner has complied with the amendment requirements therein; and

WHEREAS, the requested change does not materially alter the Development in a negative manner, and would not have adversely affected the selection of the Application;

NOW, therefore, it is hereby

RESOLVED, that the requested material amendment of the Application for Uvalde Villas is approved as presented at this meeting, and the Executive Director and his designees are each authorized, directed, and empowered to take all necessary action to effectuate the Board's determination.

BACKGROUND

Uvalde Villas (HTC/HOME #21039/22813/23909) received a 9% Housing Tax Credit (HTC) award in 2021, a Force Majeure reallocation of tax credits and a Multifamily Direct Loan HOME award in 2022, and supplemental credits in 2023 to construct 102 units, of which 96 are designated as low-income units, of multifamily housing in McAllen, Hidalgo County. Construction of the Development has been completed, and the cost certification documentation is currently under review by the Department.

The Owner has reported that a greater than 5% change in residential density occurred from the representation at initial Application to the time of the Cost Certification, and in a letter dated August 22, 2025, Lora Myrick, the representative for the Development Owner, requested approval to modify the total acreage to represent the actual size of the Development site after dedication for right-of-way along Uvalde Avenue.

At the time of application, the original Development site was identified as 7.393 acres, but at cost certification, the as-built ALTA survey dated July 14, 2025, identified an acreage of 6.967, after dedication of 30 feet for right-of-way along the south of Uvalde Avenue. As a result, the residential density increased 6.27%, from 13.797 units per acre to 14.661 units per acre, requiring approval by the Board under Tex. Gov't Code §2306.6712(d)(6) and 10 TAC §10.405(a)(4)(F).

The Owner has stated that inclusion of the dedicated area of Uvalde Avenue and its associated right-of-way as part of the Development site area at Application was an error. It was not until the as-built survey was reviewed that this discrepancy was identified.

The requested amendment does not materially alter the Development in a negative manner and would not have affected the selection of the Development for the HTC or HOME award.

Staff recommends approval of the requested material amendment to the Application, and if approved, the HOME Contract, HOME and LIHTC Land Use Restriction Agreements and HOME loan documents will be amended to reflect the acreage as corrected.

August 22, 2025

Mr. Rosalio Banuelos
Director of Multifamily Asset Management
Texas Department of Housing & Community Affairs
221 E. 11th Street
Austin, TX 78701

Via Email: Rosalio.Banuelos@tdhca.texas.gov

RE: TDHCA Application #23909 / 22510 / 21039 – Uvalde Villas, McAllen, TX
Material Amendment Request

Dear Mr. Banuelos,

On behalf of TGO Uvalde 21, LP ("Applicant"), we are requesting a material amendment to the above-referenced Housing Tax Credit Applications. A check for the $2,500 fee has been sent separately from this request. Enclosed is the receipt and copy of the check.

This amendment request is for a change to the overall development size. The reason the change is necessary is because the City of McAllen was dedicated a portion of the original site for a public road. The site plan as originally designed did not change from full Application, but the acreage determined by the As-Built survey is lower by 0.439 acres. Both the plat and the As-Built survey are attached.

This change from the original 7.393 acres to an As-Built of 6.957 acres reduces the density of units per acre by greater than 3%. There has been no change to the architectural design from Application and there are 102 units. The result is an overall reduction in density of 5.87%.

I believe that this was an oversight at Application since the road was there or was planned be there and would never have been part of the actual development site.

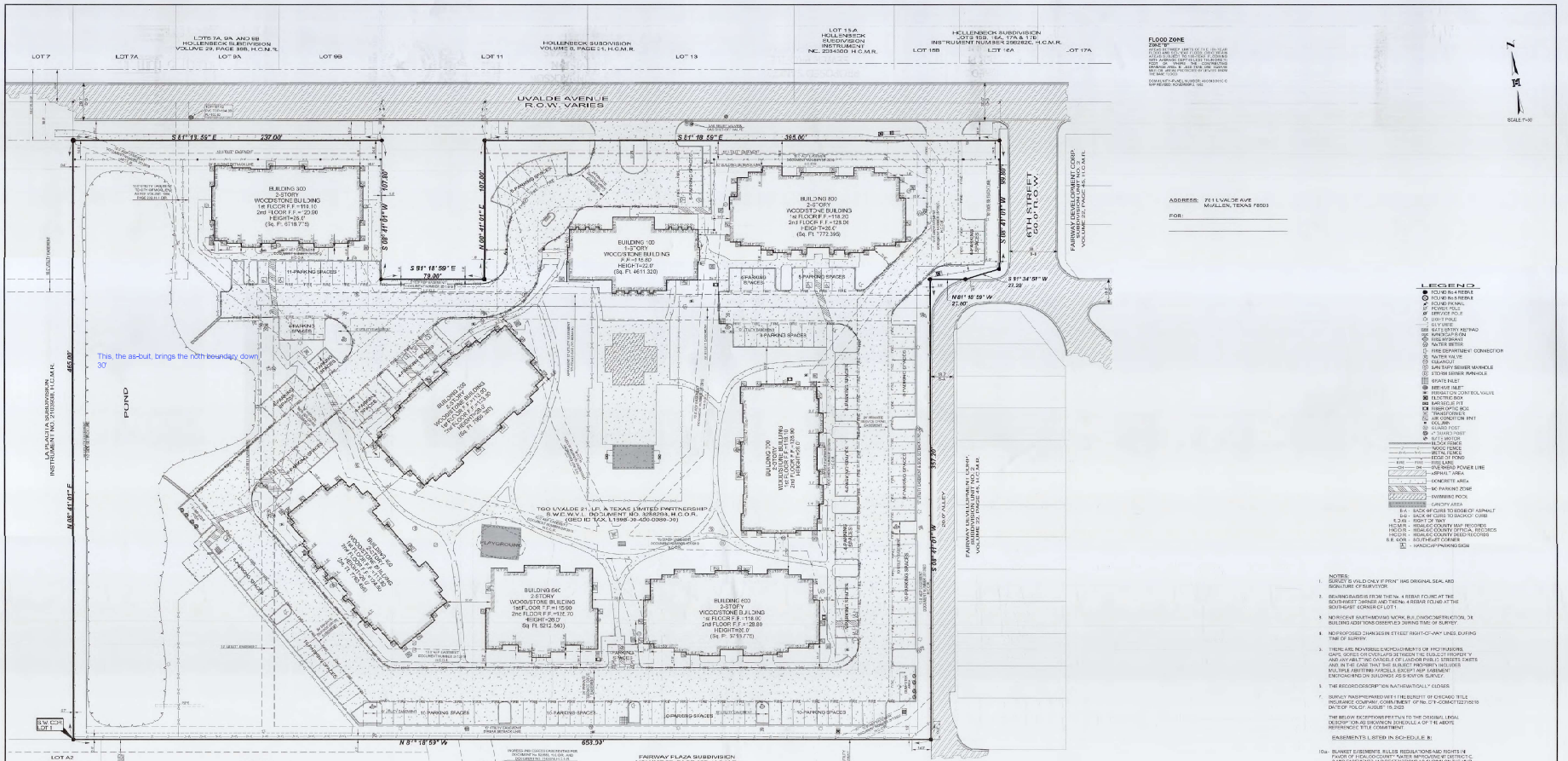
This change in site acreage also affects the HOME LURA and the HOME contract, along with the draft LIHTC LURA currently in process.

If you have any questions or would like to discuss these items further, please do not hesitate to contact me directly at (512) 785-3710 or via email at lora@betcohousinglab.com any time.

Sincerely,

Lora Myrick

Lora Myrick, Principal
BETCO Consulting, LLC
CC via email: Jonathan Chilson; Sally Hedrick; Steve Lollis



NOTES:
1. SURVEY IS VALID ONLY IF PRINT HAS ORIGINAL SEAL AND SIGNATURE OF SURVEYOR.
2. BEARING BASIS IS FROM THE N. 4 REBAR FOUND AT THE SOUTHWEST CORNER AND THE N. 4 REBAR FOUND AT THE SOUTHEAST CORNER OF LOT 1.
3. NO RECENT EARTH MOVING WORK, BUILDING CONSTRUCTION, OR BUILDING ADDITIONS OBSERVED DURING TIME OF SURVEY.
4. NO PROPOSED CHANGES IN STREET RIGHT-OF-WAY LINES DURING TIME OF SURVEY.
5. THERE ARE NO VISIBLE ENCROACHMENTS OR PROTRUSIONS, GAPS, GORES OR OVERLAPS BETWEEN THE SUBJECT PROPERTY AND ANY ABUTTING PROPERTIES OR ADJOINING STREETS, EXISTS EXCEPT AS SHOWN HEREON. THERE ARE NO VISIBLE EASEMENTS, MULTIPLE ABUTTING PARCELS EXCEPT AS OF RECORD. EASEMENT ENCROACHING ON BUILDINGS AS IS NOTED ON SURVEY.
6. THE RECORD DESCRIPTION MATHEMATICALLY CLOSES.
7. SURVEY PREPARED IN CONJUNCTION WITH THE SURVEY OF TITLE INSURANCE COMPANY COMMITMENT No. GT-1-2084C7122765 DATED OF POLICY: AUGUST 15, 2023
THE BELOW EXCEPTIONS PERTAIN TO THE ORIGINAL LEGAL DESCRIPTION AS SHOWN ON SCHEDULE A OF THE ABOVE REFERENCED TITLE COMMITMENT

EASEMENTS LISTED IN SCHEDULE B:

10a - BLANKET EASEMENTS, RULES, REGULATIONS AND RIGHTS IN FAVOR OF HIDALGO COUNTY WATER IMPROVEMENT DISTRICT C AFFECTS PROPERTY AS SHOWN ON THE MAP OF THE ABOVE REFERENCED SUBDIVISION.

10b - ROAD EASEMENT AS SHOWN ON THE MAP OF HOLLENBECK SUBDIVISION RECORDED IN VOLUME 9, PAGE 21, MAP RECORDS OF HIDALGO COUNTY, TEXAS. AS TO TRACT B-1, 2, 3, 4NO 5 (PLOTTED AND SHOWN HEREON)

10c - TERMS, STIPULATIONS AND CONDITIONS CONTAINED IN OIL, GAS AND MINERAL LEASE EXECUTED BY DAISY HOLLENBECK TO MAGNOLIA PETROLEUM COMPANY, DATED DECEMBER 17, 1941, RECORDED IN VOLUME 345, PAGE 310, DEED AND GAS RECORDS OF HIDALGO COUNTY, TEXAS. AS TO TRACTS 1, 2, 3, 5AND 7 (PLOTTED AND SHOWN HEREON)

10d - TERMS, STIPULATIONS AND CONDITIONS CONTAINED IN CERTIFICATE OF RESOLUTION AND ORDER OF HIDALGO COUNTY WATER IMPROVEMENT DISTRICT NO. 1, FILED MARCH 24, 2000 UNDER DOCUMENT NUMBER 0407133, OFFICIAL RECORDS OF HIDALGO COUNTY, TEXAS. AS TO TRACTS 1, 2, 5, AND 6 (AFFECTS SUBJECT TRACT)

10e - MINERAL AND/OR ROYALTY RESERVATION CONTAINED IN DEED DATED JULY 31, 1942, RECORDED IN VOLUME 1, PAGE 65, OIL AND GAS RECORDS OF HIDALGO COUNTY, TEXAS AND DATED JULY 12, 1943 RECORDED IN VOLUME 360, PAGE 175, DEED RECORDS OF HIDALGO COUNTY, TEXAS. TITLE TO THE HEREIN DESCRIBED MINERAL INTEREST NOT CHECKED SUBSEQUENT TO DATE OF AFOREMENTIONED INSTRUMENT. AS TO TRACTS 1, 2, 5 AND 6 (AFFECTS SUBJECT TRACT)

10f - ASSIGNMENT AND ASSUMPTION AGREEMENT DATED 7-15-2021 FOR RECORDS OF HIDALGO COUNTY, TEXAS UNDER NUMBER 3276722 OF THE OFFICIAL RECORDS OF HIDALGO COUNTY, TEXAS. AS TO TRACTS 1 & 6(AFFECTS SUBJECT TRACT)

10g - ANY PORTION OF THE PROPERTY DESCRIBED HEREIN THAT THE INSURANCE COMPANY IS REQUIRED TO INSURE LIES WITHIN THE BOUNDARIES OF THE PROPOSED EXPANSION OF MILITARY HIGHWAY, INCLUDING BUT NOT LIMITED TO THAT PORTION OF THE SUBJECT LAND ALONG THE NORTH SIDE LYING IN UVALDE AVE. AS TO TRACTS 1, 2, 5, & 6 ARE UNPLOTTED AND SHOWN HEREON)

10h - EASEMENT FOR UTILITIES 11 FEET IN WIDTH IN FAVOR OF CITY OF MCALLEN AS SHOWN BY INSTRUMENT DATED JUNE 10, 1963, RECORDED IN VOLUME 1064 PAGE 299, DEED RECORDS OF HIDALGO COUNTY, TEXAS. AS TO TRACT 2 (PLOTTED AND SHOWN HEREON)

10i - EASEMENT AND RIGHT OF WAY IN FAVOR OF CENTRAL POWER AND LIGHT COMPANY AS SHOWN BY INSTRUMENT DATED MARCH 12, 1952 RECORDED IN VOLUME 508, PAGE 268 OFFICIAL RECORDS OF HIDALGO COUNTY, TEXAS. AS TO TRACT 1 & 6(AFFECTS SUBJECT TRACT)

10j - MINIMUM FLOOR ELEVATIONS, SETBACK LINES, EASEMENTS AND RESTRICTIONS AS SHOWN ON THE MAP OF FAIRWAY PLAZA SUBDIVISION RECORDED IN VOLUME 26, PAGE 62-B, MAP RECORDS OF HIDALGO COUNTY, TEXAS. AS TO TRACT 4 (PLOTTED AND SHOWN HEREON)

10k - RIGHT OF WAY EASEMENT IN FAVOR OF CENTRAL POWER AND LIGHT COMPANY AS SHOWN BY INSTRUMENT DATED JUNE 25, 1952 RECORDED IN VOLUME 291, PAGE 202, DEED RECORDS OF HIDALGO COUNTY, TEXAS. AS TO TRACT 4 (BLANKET IN NATURE NOT PLOTTABLE)

10l - BLANKET EASEMENT AND AMENDMENT IN FAVOR OF CENTRAL POWER AND LIGHT COMPANY DATED NOVEMBER 5, 1981 RECORDED IN VOLUME 1762, PAGE 259, DEED RECORDS, HIDALGO COUNTY, TEXAS, FOR OVERHEAD, GUYED, AND CERTAIN UNDERGROUND ELECTRIC CABLES AND OTHER FACILITIES AS MAY APPEAR (FOR THE MAY ATTACHED THERETO. AS TO TRACT 4 (BLANKET IN NATURE)

10m - CONVEYANCE OF WATER RIGHTS IN FAVOR OF THE CITY OF MCALLEN AS SHOWN IN INSTRUMENT DATED DECEMBER 7, 1951 RECORDED IN VOLUME 1, PAGE 169, WATER RECORDS OF HIDALGO COUNTY, TEXAS. AS TO TRACT 4 (AFFECTS SUBJECT TRACT)

10n - EASEMENT AND RIGHT OF WAY EASEMENT IN FAVOR OF CENTRAL POWER AND LIGHT COMPANY AS SHOWN BY INSTRUMENT DATED JUNE 14, 1960 RECORDED IN VOLUME 2999, PAGE 668 OFFICIAL RECORDS OF HIDALGO COUNTY, TEXAS. AS TO TRACTS 5 AND 6 (BLANKET IN NATURE NOT PLOTTABLE)

10o - EASEMENT AND RIGHT OF WAY EASEMENT IN FAVOR OF CENTRAL POWER AND LIGHT COMPANY AS SHOWN IN INSTRUMENT DATED JUNE 14, 1960 RECORDED IN VOLUME 3096, PAGE 54, OFFICIAL RECORDS OF HIDALGO COUNTY, TEXAS. AS TO TRACT 3 (DOES NOT AFFECT SUBJECT TRACT

10p - TERMS, STIPULATIONS AND CONDITIONS CONTAINED IN EASEMENT AGREEMENT DATED JUNE 1, 1978 BETWEEN WICHITA AVENUE JOINT VENTURE, A PARTNERSHIP COMPOSED OF CLARENCE CAMOUNAR ENTERPRISES, INC. ET ALS AND NIXON, DATED APRIL 23, 1979 FILED JULY 1, 1980 UNDER DOCUMENT NUMBER 1979353 AND AMENDMENT OF EASEMENT AGREEMENT FILED NOVEMBER 12, 1980 UNDER RECORDS INSTRUMENT NUMBER 82080, OFFICIAL RECORDS OF HIDALGO COUNTY, TEXAS. AS TO TRACT 3 AND 4 (PLOTTED AND SHOWN HEREON)

10q - TERMS, STIPULATIONS AND CONDITIONS CONTAINED IN CERTIFICATE OF RESOLUTION AND ORDER OF HIDALGO COUNTY WATER IMPROVEMENT DISTRICT NO. 1, FILED MARCH 24, 2000 UNDER DOCUMENT NUMBER 0407133, OFFICIAL RECORDS OF HIDALGO COUNTY, TEXAS. AS TO TRACT 4. AFFECTS TRACT 4)

10r - MINERAL AND/OR ROYALTY RESERVATION CONTAINED IN DEED DATED APRIL 8, 1958, RECORDED IN VOLUME 910, PAGE 205, DEED RECORDS OF HIDALGO COUNTY, TEXAS. TITLE TO THE HEREIN DESCRIBED MINERAL INTEREST NOT CHECKED SUBSEQUENT TO DATE OF AFOREMENTIONED INSTRUMENT. AS TO TRACTS 1, 2, 5 AND 6 AFFECTS SUBJECT TRACT)

10s - ROAD EASEMENT ACROSS THE NORTH 25 FEET AS SHOWN ON MAP OF HOLLENBECK SUBDIVISION, RECORDED IN VOLUME 9, PAGE 21, MAP RECORDS OF HIDALGO COUNTY, TEXAS. AS TO TRACT 1(PLOTTED AND SHOWN HEREON)

10t - MINERAL AND/OR ROYALTY INTEREST GRANTED IN DEED DATED MARCH 1, 1951, RECORDED IN VOLUME 110, PAGE 57, LAND AND GAS RECORDS OF HIDALGO COUNTY, TEXAS. (COVERS LOT 14) TITLE TO THE HEREIN DESCRIBED MINERAL INTEREST NOT CHECKED SUBSEQUENT TO DATA TO OF AFORESAID INSTRUMENT. AS TO TRACT 7 (AFFECTS SUBJECT TRACT)

10u - MINERAL AND/OR ROYALTY CONVEYANCE CONTAINED IN MINERAL DEED DATED FEBRUARY 24, 1958, RECORDED IN VOLUME 112, PAGE 513, OIL AND GAS RECORDS OF HIDALGO COUNTY, TEXAS. (BASIT IS FIRST OPLO TITLE TO THE HEREINDESCRIBED MINERAL INTEREST NOT CHECKED SUBSEQUENT TO DATE OF AFORESAID INSTRUMENT. AS TO TRACT 7 (AFFECTS SUBJECT TRACT)

10v - MINERAL AND/OR ROYALTY RESERVATION CONTAINED IN DEED DATED OCTOBER 31, 1952 RECORDED IN VOLUME 571, PAGE 154, DEED RECORDS OF HIDALGO COUNTY, TEXAS. (TRACT 10 OF LOT 16) TITLE TO THE HEREIN DESCRIBED MINERAL INTEREST NOT CHECKED SUBSEQUENT TO DATA TO OF AFORESAID INSTRUMENT. AS TO TRACT 7(AFFECTS SUBJECT TRACT)

10w - TERMS, STIPULATIONS AND CONDITIONS CONTAINED IN RIGHT-OF-WAY EASEMENT BY HIDALGO COUNTY WATER IMPROVEMENT DISTRICT NO. 3 DATED MARCH 1ST, 2006, FILED MARCH 24, 2006 UNDER DOCUMENT NUMBER 1594413, OFFICIAL RECORDS OF HIDALGO COUNTY, TEXAS. AS TO TRACT 7 (AFFECTS SUBJECT TRACT)

10x - RIGHT OF WAY EASEMENT IN FAVOR OF CENTRAL POWER AND LIGHT COMPANY AS SHOWN BY INSTRUMENT DATED JUNE 23, 1939, RECORDED IN VOLUME 331, PAGE 233, DEED RECORDS OF HIDALGO COUNTY, TEXAS. AS TO TRACT 7 (ALIGNMENT IS ENTIRETY, NOT PLOTTABLE)

10y - EASEMENT AND RIGHT OF WAY EASEMENT IN FAVOR OF CENTRAL POWER AND LIGHT COMPANY AS SHOWN BY INSTRUMENT DATED MARCH 18, 1952 RECORDED IN VOLUME 505, PAGE 208, OFFICIAL RECORDS OF HIDALGO COUNTY, TEXAS. AS TO TRACT 7 (BLANKET IN NATURE NOT PLOTTABLE)

10z - EASEMENT AND RIGHT OF WAY EASEMENTS CONTRA, POWER AND LIGHT COMPANY AS SHOWN BY INSTRUMENTS DATED DEC 19, 1952 RECORDED IN VOLUME 558 PAGE 70, OFFICIAL RECORDS OF HIDALGO COUNTY, TEXAS. AS TO TRACT 8 (BLANKET IN NATURE, NOT PLOTTABLE)

4aa - EASEMENT FOR PEDESTRIAN AND VEHICULAR INGRESS AND EGRESS BY AND BETWEEN INDIVIDUAL HOLDERS INC. A TEXAS CORPORATION AND RAL PROPERTIES, LTD. A TEXAS LIMITED PARTNERSHIP (SHOWN BY INSTRUMENT DATED MAY 24, 1983 FILED JUNE 7, 1983 UNDER DOCUMENT NUMBER 393644, OFFICIAL RECORDS OF HIDALGO COUNTY, TEXAS. AS TO TRACT 8 (AFFECTS SUBJECT TRACT)

4ab - ROADWAY EASEMENT AS SHOWN BY INSTRUMENT FILED DECEMBER 14, 1981 UNDER DOCUMENT NUMBER 189214 OFFICIAL RECORDS OF HIDALGO COUNTY, TEXAS. AS TO TRACT 8 (ELIMACTT IN NATUREAND NOT PLOTTABLE)

4ac - ACCESS AND UTILITY EASEMENT AGREEMENT EASEMENT AS SHOWN BY INSTRUMENT DATED FEBRUARY 9, 2005 FILED FEBRUARY 9, 2005 UNDER DOCUMENT NUMBER 1426015, OFFICIAL RECORDS OF HIDALGO COUNTY, TEXAS. AS TO TRACT 8 (AFFECTS SUBJECT TRACT)

4a - LEASE FOR COAL, LIGNITE, OIL, GAS, OR OTHER MINERALS, EXECUTED BY HIGGINS BOGGS ET HERS, C. DATED MARCH 13, 1919, BY AND BETWEEN LUCY M. BUSTEN AND OTHERS, AS LESSOR, AND CONTINENTAL RESOURCES, INC. AND MAY-RAY IMPERIAL INC., AS LESSEE, RECORDED IN VOLUME 106, PAGE 356, OIL AND GAS RECORDS OF HIDALGO COUNTY, TEXAS. REFERENCE TO SAID INSTRUMENT IS HEREMADE FOR PARTICULARS AND THE CONTRACT BOARD AS TO THE LANDS AFFECTED, THE RIGHTS OF THE PARTIES THERETO, AND THE COMPANY MAKES NO REPRESENTATIONS TO CONVEYANCE OR HOLDER OF SUCH INTEREST(S). AS TO TRACT 1 NOT A SURVEY MATTER)

4ab - MINERAL AND/OR ROYALTY RESERVATION CONTAINED IN DEED EXECUTED FEB. 22, 1955, RECORDED IN VOLUME 621, PAGE 104, DEED RECORDS OF HIDALGO COUNTY, TEXAS. TITLE TO THE HEREIN DESCRIBED MINERAL INTEREST NOT CHECKED SUBSEQUENT TO DATE OF AFORESAID INSTRUMENT. AS TO TRACT 8 NOT A SURVEY MATTER)

4ac - MINERAL AND/OR ROYALTY RESERVATION CONTAINED IN DEED DATED DECEMBER 12, 1955, FILED RECORDER 4, 1956 UNDER DOCUMENT NUMBER 482015, OFFICIAL RECORDS OF HIDALGO COUNTY, TEXAS. TITLE TO THE HEREIN DESCRIBED MINERAL INTEREST NOT CHECKED SUBSEQUENT TO DATE OF AFORESAID INSTRUMENT. AS TO TRACT 8(NOT A SURVEY MATTER)

4ag - TERMS, STIPULATIONS AND CONDITIONS CONTAINED IN A RIGHT OF WAY EASEMENT DATED FEBRUARY 3, 1992, RECORDED IN VOLUME 1931, PAGE 76, AND DATED FEBRUARY 3, 1992, RECORDED IN VOLUME 3211, PAGE 718 BOTH IN THE OFFICIAL RECORDS OF HIDALGO COUNTY, TEXAS. AS TO TRACT 4 (NOT A SURVEY MATTER)

4ah - ANY CLAIM OR ALLEGATION THA THE PROPERTY, ANS WAS TO RECONVEYED IN VIOLATION OF STATE STATUTES OR ANY COUNTY OR MUNICIPAL ORDINANCES REGARDING THE PLATTING OF THE LAND OR ATTENDING SUBDIVISIONS, OR ANY LOSS OF THE USE OF THE LAND BY REASON THEREOF.

4ai - THERE APPEARS TO BE NO DEDICATED ACCESS OF RECORD TO THE PROPERTY BEING INSURED (TRACT 8, ONLY)

4aj - RIGHTS AND CLAIMS OF OTHERS IN AND TO ANY AND ALL IMPROVEMENTS, (SOA TO NON SUBJECT TRACT (TRACT 4)

4ak - THE FOLLOWING LETTERS AND ALL RIGHTS RELATED THERETO, AS SHOWN BY SURVEY DATED OCTOBER 17, 2022, LAST REVISED JULY 28, 2023, BY ROBERT C. NALL III, RPLS #6294:
1. MATCH METERS SOUTHWEST FOR NON OF TRACT 1
2. POWER LINES AND GUY WIRES ALONG NORTH AND EAST SIDES (TRACT 3)
3. ANY PORTION OF SUBJECT PROPERTY LYING WITHIN WICHITA AVE (TRACT 4)
4. WATER METER NORTH PORTION OF TRACT 5 AND 1
5. CAS - LINES ALONG NORTH SIDE(TRACT 5
6. OVERHEAD POWER LINES ALONG EAST SIDE AND GAS LINES ALONG NORTH SIDE (TRACT 7)
7. PROTRUSION OF CURBING ALONG SOUTHERLY PORTION OF TRACT 8 IN'O ADJACENT TRAC (TO EAST)
8. GAS - LINES ALONG NORTH (TRACT 8)
9. TELEPHONE PEDESTAL SOUTHERLY PORTION OF TRACT 8 (AFFECTS SUBJECT TRACT NOTED AS SHOWN HEREON)

To: Chicago Title Insurance Company, TGO Uvalde 21, LP, a Texas limited partnership, JPMorgan Chase Bank, N.A., and its successors and/or assigns, Rubicon Uvalde Villa lp, a Delaware limited company, and its successors and/or assigns, and Hudson 8 P.J. LLC, a Delaware limited liability company, and its successors and/or assigns, Legacy Bank & Trust Company, its successors and assigns, Rubicon Housing Tax Credit Fund XCV LP, a Delaware limited Partnership, SNDR Rubicon CP NDO LLC, a Delaware Limited Liability Company, BaCA, FNBC Leasing corporation, a wholly-owned indirect subsidiary of JP Morgan Chase & Co.

This is to certify that this map or plat and the survey on which it is based were made in accordance with the 2021 Minimum Standard Detail Requirements for ALTA/NSPS Land Title Surveys jointly established and adopted by ALTA and NSPS, and includes items 1, 2, 3, 4, 5, Table 1(b), 7(a), 8, 9, 10, 11(a), 11(b), 13, 14, 16, 17, 18 and 19 of Table A thereof. The field work was completed on May 16, 2023.

Date of Plat or Map: 10/31/2023

R.P.L.S. #6294

Email: robert@valdehuntlaw.com

STATE OF TEXAS ROBERT C. NALL III 6294 REGISTERED PROFESSIONAL LAND SURVEYOR

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ALTA/ As-Built Survey

JOB No.: 21049.21	ADDED LOT ACREAGE	07/14/2025	B.M.
DRAWING DATE: 4/28/2023	REVISION	09/17/2025	A.R.C.
DRAWN BY: J.C.B./J.F.C.	REVISION	DATE	BY
File Name: 21046.21			
T-1244, PG. 1-4-76-79			

MELDEN & HUNT INC
CONSULTANTS • ENGINEERS • SURVEYORS
115 W. McINTYRE • EDINBURG, TX 78541
PH: (956) 381-0981 • FAX: (956) 381-1839
SBOTA REG. NO. 10105800 SBOTA REG. NO. 1047 www.meldenandhunt.com

This, the plat, takes in 30' of Uvalde Ave & its ROW as part of subject

Includes 1/2 of public street

SUBDIVISION MAP OF
UVALDE VILLAS SUBDIVISION

7.393 ACRES CONSISTING OF:
TRACT 1: 0.218 OF ONE ACRE
BEING "HE WEST 69 FEET OF THE EAST ½ OF LOT 8, HOLLENBECK SUBDIVISION,
TRACT 2: 0.282 OF ONE ACRE
BEING THE WEST ½ OF LOT 10 AND THE EAST 10 FEET OF SAID LOT 8, ALL OF SAID HOLLENBECK SUBDIVISION,
TRACT 3: 3.000 ACRES
BEING OUT OF LOT 15, SOUTHEAST ¼ SECTION 7, H DALGO CANAL COMPANY SUBDIVISION,
TRACT 5: 0.250 OF ONE ACRE BEING THE EAST ½ OF SAID LOT 10, OF SAID HOLLENBECK SUBDIVISION,
TRACT 6: 0.250 OF ONE ACRE BEING THE EAST ½ OF LOT 12, OF SAID HOLLENBECK SUBDIVISION,
TRACT 7: 0.967 OF ONE ACRE BEING ALL OF LOTS 14 AND 16, OF SAID HOLLENBECK SUBDIVISION,
AND "TRACT 8: 2.396 ACRES OUT OF SAID LOT 15,✓ OF SAID SOUTHEAST ¼ SECTION 7, OF SAID HIDALGO CANAL COMPANY SUBDIVISION

METES AND BOUNDS DESCRIPTION:

A TRACT OF LAND CONTAINING 7.393 ACRES, SITUATED IN THE CITY OF MCALLEN, HIDALGO COUNTY, TEXAS, CONSISTING OF:
TRACT 1: 0.218 OF ONE ACRE BEING THE WEST 69 FEET OF THE EAST HALF OF LOT 8, HOLLENBECK SUBDIVISION, ACCORDING TO THE PLAT THEREOF RECORDED IN VOLUME 8, PAGE 31, HIDALGO COUNTY MAP RECORDS;
TRACT 2: 0.282 OF ONE ACRE BEING THE WEST HALF OF LOT 10 AND THE EAST 10 FEET OF SAID LOT 8, ALL OF SAID HOLLENBECK SUBDIVISION;
TRACT 3: 3.000 ACRES BEING PART OR PORTION OUT OF LOT 15, SOUTHEAST ¼ SECTION 7, HIDALGO CANAL COMPANY SUBDIVISION, ACCORDING TO THE PLAT THEREOF RECORDED IN VOLUME "Q", PAGES 176-177, HIDALGO COUNTY DEED RECORDS;
TRACT 5: 0.250 OF ONE ACRE BEING THE EAST HALF OF SAID LOT 10, OF SAID HOLLENBECK SUBDIVISION;
TRACT 6: 0.250 OF ONE ACRE BEING THE EAST HALF OF LOT 12, OF SAID HOLLENBECK SUBDIVISION, SAID 0.250 OF ONE ACRE (PERTAINING TO TRACT BOND);
TRACT 7: 0.967 OF ONE ACRE BEING ALL OF LOTS 14 AND 16, OF SAID HOLLENBECK SUBDIVISION;
TRACT 8: 2.396 ACRES BEING PART OR PORTION OUT OF SAID LOT 15, SOUTHEAST ¼ SECTION 7, OF SAID HIDALGO CANAL COMPANY SUBDIVISION;
WHICH SAID 7.393 ACRES WHICH WERE CONVEYED TO TGO UVALDE 21, L.P. A TEXAS LIMITED PARTNERSHIP BY VIRTUE OF A SPECIAL WARRANTY DEED WITH VENDOR'S LIEN RECORDED UNDER DOCUMENT NUMBER 3288288, HIDALGO COUNTY OFFICIAL RECORDS, SAID 7.393 ACRES ALSO BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A NO. 4 REBAR FOUND AT THE SOUTHEAST CORNER OF LA PLACITA SUBDIVISION, ACCORDING TO THE PLAT RECORDED IN INSTRUMENT NUMBER 2103938, HIDALGO COUNTY MAP RECORDS FOR THE SOUTHWEST CORNER OF THIS HEREIN DESCRIBED TRACT;

1. "HENCE, N 08° 41' 01" E (N 35° 46' 00" E MAP CALL) ALONG THE EAST LINE OF SAID LA PLACITA SUBDIVISION, AT A BISTANCE OF 357.20 FEET PASS A PIPE FOUND (NORTHING: 16592181.710, EASTING: 1072235.409) AT THE SOUTHWEST CORNER OF THE WEST HALF OF SAID LOT 8 AT A DISTANCE OF 470.00 FEET PASS A NO. 4 REBAR FOUND ON THE EXISTING SOUTH RIGHT-OF-WAY LINE OF UVALDE AVENUE, CONTINUING A TOTAL DISTANCE OF 495.00 FEET TO A NAIL FOUND ON THE NORTH LINE OF SAID LOT 8 FOR THE NORTHWEST CORNER OF THIS TRACT;
2. "HENCE, S 81° 18' 59" E ALONG THE NORTH LINES OF SAID LOTS 8 AND 10 AND WITHIN THE EXISTING RIGHT-OF-WAY OF UVALDE AVENUE, AT A DISTANCE OF 69.00 FEET PASS A NAIL FOUND, AT A DISTANCE OF 79.00 FEET PASS A NAIL SET AT "HE NORTHEAST CORNER OF SAID LOT 8 AND THE NORTHWEST CORNER OF SAID LOT 10, AT A DISTANCE OF 158.00 FEET PASS A NAIL FOUND AT THE NORTHEAST CORNER OF THE WEST HALF OF SAID LOT 10, CONTINUING A TOTAL DISTANCE OF 237.00 FEET TO A NAIL FOUND AT THE NORTHEAST CORNER OF SAID LOT 10 AND THE NORTHWEST CORNER OF SAID LOT 12, FOR AN OUTSIDE CORNER OF THIS TRACT;
3. "HENCE, S 08° 41' 01" W ALONG THE EAST LINE OF SAID LOT 10 AND THE WEST LINE OF SAID LOT 12, AT A DISTANCE OF 25.00 FEET PASS A NO. 4 REBAR FOUND ON THE EXISTING SOUTH RIGHT-OF-WAY LINE OF UVALDE AVENUE, CONTINUING A TCTAL DISTANCE OF 137.80 FEET TO A NO. 4 REBAR FOUND AT THE SOUTHEAST CORNER OF SAID LOT 10 AND THE SOUTHWEST CORNER OF SAID LOT 12 AND BEING ON THE SOUTH LINE OF SAID HOLLENBECK SUBDIVISION, FOR AN INSIDE CORNER OF THIS TRACT;
4. "HENCE, S 81° 18' 59" E ALONG THE SOUTH LINES OF SAID LOT 12 AND SAID HOLLENBECK SUBDIVISION, A BISTANCE OF 79.00 FEET TO A NO. 4 REBAR FOUND AT THE SOUTHWEST CORNER OF THE EAST HALF OF SAID LOT 12 AND THE SOUTH LINE OF SAID HOLLENBECK SUBDIVISION, FOR AN INSIDE CORNER OF THIS TRACT;
5. "HENCE, N 08° 41' 01" E ALONG THE WEST LINE OF THE EAST HALF OF SAID LOT 12, AT A DISTANCE OF 112.80 FEET PASS A NO. 4 REBAR FOUND ON THE EXISTING SOUTH RIGHT-OF-WAY LINE OF UVALDE AVENUE, CONTINUING A TOTAL DISTANCE OF 137.80 FEET TO A NAIL FOUND AT THE NORTHWEST CORNER OF SAID EAST HALF OF SAID LOT 12, AND BEING WITHIN THE EXISTING RIGHT-OF-WAY OF UVALDE AVENUE, FOR AN OUTSIDE CORNER OF THIS TRACT;
6. "HENCE, S 81° 18' 59" E ALONG THE NORTH LINES OF SAID LOTS 12, 14, AND 16, AND BEING WITHIN THE EXISTING RIGHT-OF-WAY OF UVALDE AVENUE, AT A DISTANCE OF 79.00 FEET PASS A NAIL SET AT THE NORTHEAST CORNER OF SAID LOT 12 AND THE NORTHWEST CORNER OF SAID LOT 14, AT A DISTANCE OF 237.00 FEET PASS A NAIL SET AT THE NORTHEAST CORNER OF SAID LOT 14 AND THE NORTHWEST CORNER OF SAID LOT 16, CONTINUING A TOTAL DISTANCE OF 395.00 FEET TO A NAIL FOUND AT THE NORTHEAST CORNER OF SAID LOT 16 AND THE NORTHWEST CORNER OF FAIRWAY DEVELOPMENT CORP. SUBDIVISION UNIT NO. 2, ACCORDING TO THE PLAT RECORDED IN VOLUME 22, PAGE 45, HIDALGO COUNTY MAP RECORDS, AND BEING ON THE EXISTING WEST RIGHT-OF-WAY LINE OF 6TH / FORTEST STREET, FOR THE NORTHEAST CORNER OF THIS TRACT;
7. "HENCE, S 08° 41' 01" W (N 35° 46' E) ALONG THE EAST LINE OF SAID LOT 16 AND THE WEST LINE OF SAID FAIRWAY DEVELOPMENT CORP. SUBDIVISION UNIT NO. 2, AND THE EXISTING WEST RIGHT-OF-WAY LINE OF 6TH/ STREET, A BISTANCE OF 129.80 FEET TO A NO. 4 REBAR SET AT THE SOUTHEAST CORNER OF SAID LOT 16, FOR AN OUTSIDE CORNER OF THIS TRACT;
8. "HENCE, S 81° 34' 51" W (N 13° 35' E MAP CALL) ALONG A SOUTH LINE OF SAID LOT 16, A DISTANCE OF 27.20 FEET TO AN OUTSIDE CORNER OF SAID LOT 16 AND ON A BOUNDARY LINE OF SAID FAIRWAY DEVELOPMENT CORP. SUBDIVISION UNIT NO. 2, FOR AN OUTSIDE CORNER OF THIS TRACT;
9. "HENCE, N 81° 18' 59" W (S 11° 12' E MAP CALL) ALONG A SOUTH LINE OF SAID LOT 16, A DISTANCE OF 27.00 FEET TO AN "X" MARK ON CONCRETE FOUND AT AN OUTSIDE CORNER OF SAID FAIRWAY DEVELOPMENT CORP. SUBDIVISION UNIT NO. 2, FOR AN INSIDE CORNER OF THIS TRACT;
10. THENCE, S 08° 41' 01" W (S 09° 48' 00" W DEED AND MAP CALLS) ALONG A WEST LINE OF SAID FAIRWAY DEVELOPMENT CORP. SUBDIVISION UNIT NO. 2, A DISTANCE OF 357.20 FEET (357.48 FEET DEED CALL) TO A NO. 4 REBAR SET AT THE NORTHEAST CORNER OF FAIRWAY PLAZA SUBDIVISION, ACCORDING TO THE PLAT RECORDED IN VOLUME 35, PAGE 626, HIDALGO COUNTY MAP RECORDS, AT THE SOUTHEAST CORNER OF THIS TRACT;
11. THENCE, N 81° 18' 59" W (N 81° 12' 00" W DEED CALL) (S 81° 12' 00"E MAP CALL) ALONG THE NORTH LINES OF SAID FAIRWAY PLAZA SUBDIVISION AND WICHITA COMMERCIAL PARK, ACCORDING TO THE PLAT THEREOF RECORDED IN VOLUME 29, PAGE 169A, HIDALGO COUNTY MAP RECORDS, AT A DISTANCE OF 385.80 FEET PASS A NO. 4 REBAR FOUND, CONTINUING A TOTAL DISTANCE OF 658.00 FEET TO THE POINT OF BEGINNING AND CONTAINING 7.393 ACRES OF LAND, MORE ORLESS.

THIS PLAT IS HEREBY APPROVED BY THE HIDALGO COUNTY WATER IMPROVEMENT DISTRICT NO. 3 ON THIS THE 16th DAY OF August, 20 23

NO IMPROVEMENTS OF ANY KIND (INCLUDING WITHOUT LIMITATION TREES, FENCES AND BUILDINGS) SHALL BE PLACED UPON HIDALGO COUNTY WATER IMPROVEMENT DISTRICT NO. 3 RIGHT OF WAYS OR EASEMENTS. APPROVAL OF THIS PLAT DOES NOT CONSTITUTE A CONVEYANCE, WAIVER OR ABANDONMENT OF ANY PROPERTY INTEREST HELD BY THE DISTRICT IN THE PROPERTY SHOWN ON THE PLAT, OR THE ACCEPTANCE OR APPROVAL OF THE ACCURACY OF ANY STATEMENT, DIMENSION OR DESCRIPTION SHOWN ON THE PLAT.

O.E. BRAND JR., PRESIDENT — MARK FREELAND, SECRETARY

APPROVED BY DRAINAGE DISTRICT:

HIDALGO COUNTY DRAINAGE DISTRICT NO.1 HEREBY CERTIFIES THAT THE DRAINAGE PLANS FOR THIS SUBDIVISION COMPLY WITH THE MINIMUM STANDARDS OF THE DISTRICT ADOPTED UNDER TEXAS WATER CODE §49.211 (C). THE DISTRICT HAS NOT REVIEWED AND DOES NOT CERTIFY THAT THE DRAINAGE STRUCTURES DESCRIBED ARE APPROPRIATE FOR THE SPECIFIC SUBDIVISION BASED ON GENERALLY ACCEPTED ENGINEERING CRITERIA. IT IS THE RESPONSIBILITY OF THE DEVELOPER AND HIS ENGINEER TO MAKE THESE DETERMINATIONS.

HIDALGO COUNTY DRAINAGE DISTRICT NO.1
RAUL E. SESIN, P.E. C.F.M. GENERAL MANAGER — 09-20-23 DATE

THE STATE OF TEXAS
COUNTY OF HIDALGO

II, THE UNDERSIGNED, OWNER OF THE LAND SHOWN ON THIS PLAT, AND DESIGNATED HEREIN AS UVALDE VILLAS SUBDIVISION, DO HERE BY GRANT, AN ACCESS AND UTILITY EASEMENT TO THE CITY OF MCALLEN, AND THOSE WHO MAY NOW OR HEREAFTER HOLD FRANCHISE, UNDER SAID CITY, THE USE OF THE STREET(S), ALLEY(S) AND EASEMENTS THEREON SHOWN, SURFACE USE OF THE STREET(S), AND ALLEY(S) IS RESTRICTED TO THE EMPLOYEES OR AGENTS OF THE CITY OF MCALLEN, TO THE EMPLOYEES OF THE UTILITIES OPERATING UNDER FRANCHISE TO THE CITY OF MCALLEN AND RESIDENTS OF THE SUBDIVISION AND THEIR GUESTS. THE OWNER DOES HEREBY DEDICATE TO THE USE OF THE PUBLIC THE PORTION OF UVALDE AVENUE FOR THE USE AS STREET RIGHT OF WAY DEDICATED TO THE CITY OF MCALLEN BY THIS PLAT.

TGO UVALDE 21, L.P., A LIMITED PARTNERSHIP

BY: TGO UVALDE VILLAS GP, LLC, A TEXAS LIMITED LIABILITY COMPANY
ITS: GENERAL PARTNER

BY: TEXAS GREY OAKS, LLC, A TEXAS LIMITED LIABILITY COMPANY
ITS: MANAGER

STEVE LOUIS, PRESIDENT — 08.30.2023 DATE
TEXAS GREY OAKS, LLC
9907 MOORESBERRY
HOUSTON, TEXAS 77080

THE STATE OF TEXAS
COUNTY OF HIDALGO

BEFORE ME, THE UNDERSIGNED AUTHORITY, ON THIS DAY PERSONALLY APPEARED STEVE LOUIS, KNOWN 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 PURPOSED AND CONSIDERATIONS THEREIN GIVEN UNDER MY HAND AND

SEAL OF OFFICE, THIS THE 30th DAY OF Aug, 2023

NOTARY PUBLIC, FOR THE STATE OF TEXAS
MY COMMISSION EXPIRES: 07-01-2025

ADELITA M RIOS
Notary Public, State of Texas
ID# 129411562-1
My Commission Expires
07-01-2025

THE STATE OF TEXAS
COUNTY OF HIDALGO

IWE, THE UNDERSIGNED, HOLDER(S) (OR DULY AUTHORIZED OFFICERS OF THE HOLDER(S)) OF A SECURITY INTEREST IN THE ABOVE DESCRIBED PROPERTY, BEING THE LAND SHOWN ON THIS PLAT AND DESIGNATED HEREIN AS THE UVALDE VILLAS SUBDIVISION OF THE CITY OF MCALLEN, TEXAS, DO HEREBY CONSENT TO THE SUBDIVISION OF THE PROPERTY AS PROVIDED FOR UNDER THE PLAT AND DO HEREBY PROVIDE THAT ANY FORECLOSURE RELATING TO THE SECURITY INTEREST ON THE ABOVE DESCRIBED PROPERTY SHALL BE SUBJECT TO THE PLATTING OF THE PROPERTY AS PROVIDED FOR HEREIN.

LONE STAR NATIONAL BANK

S. DAVID DEANDA JR. PRESIDENT, TRUSTEE — 8/30/2023 DATE
520 E. NOLANA AVENUE
McALLEN, TX 78504

THE STATE OF TEXAS
COUNTY OF HIDALGO

BEFORE ME, THE UNDERSIGNED AUTHORITY, ON THIS DAY PERSONALLY APPEARED S. DAVID DEANDA JR KNOWN 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 PURPOSED AND CONSIDERATIONS THEREIN GIVEN UNDER MY HAND AND

SEAL OF OFFICE, THIS THE 30th DAY OF August, 2023

NOTARY PUBLIC, FOR THE STATE OF TEXAS
MY COMMISSION EXPIRES:

STATE OF TEXAS
COUNTY OF HIDALGO:

I, THE UNDERSIGNED, MARIO A. REYNA, A LICENSED PROFESSIONAL ENGINEER IN THE STATE OF TEXAS, DO HEREBY CERTIFY THAT THE PROPER ENGINEERING CONSIDERATION HAS BEEN GIVEN TO THIS PLAT.

MARIO A. REYNA, PROFESSIONAL ENGINEER NO. 117368 — 08.30.2023 DATE
STATE OF TEXAS
DATE PREPARED: 03-26-2021
ENGINEERING JOB No. 21036.00
DATE REVISED : 08-30-23

MELDEN & HUNT, INC.
TEXAS REGISTRATION F-1435

MARIO A. REYNA 117368 LICENSED PROFESSIONAL ENGINEER

STATE OF TEXAS
COUNTY OF HIDALGO:

I, THE UNDERSIGNED, ROBERTO N. TAMEZ, A REGISTERED PROFESSIONAL LAND SURVEYOR, IN THE STATE OF TEXAS, DO HEREBY CERTIFY THAT THE HEREIN PRESENTED PLAT AND DESCRIPTION OF UVALDE VILLAS SUBDIVISION , WERE PREPARED FROM A SURVEY OF THE PROPERTY MADE ON THE GROUND BY ME OR UNDER MY SUPERVISION ON 01-18-21, AND THAT IT IS A TRUE AND ACCURATE REPRESENTATION OF THE SUBDIVISION OF THE LANDS HEREON DESCRIBED.

ROBERTO N. TAMEZ, PROFESSIONAL LAND SURVEYOR NO. 6238 — 08/30/2023
STATE OF TEXAS
DATE SURVEYED: 09-22-2022
SURVEY JOB No. 21049.03

STATE OF TEXAS ROBERTO N. TAMEZ 6238 PROFESSIONAL LAND SURVEYOR

I, THE UNDERSIGNED, MAYOR OF THE CITY OF McALLEN, HEREBY CERTIFY THAT THIS SUBDIVISION PLAT CONFORMS TO ALL REQUIREMENTS OF THE SUBDIVISION REGULATIONS OF THE CITY WHEREIN MY APPROVAL IS REQUIRED.

MAYOR, CITY OF McALLEN — 9/7/23 DATE
CITY SECRETARY — 9/7/23 DATE

I, THE UNDERSIGNED, CHAIRMAN OF THE PLANNING AND ZONING COMMISSION OF THE CITY OF McALLEN HEREBY CERTIFY THAT THIS SUBDIVISION PLAT CONFORMS TO ALL REQUIREMENTS OF THE SUBDIVISION REGULATIONS OF THIS CITY WHEREIN MY APPROVAL IS REQUIRED.

CHAIRMAN, PLANNING AND ZONING COMMISSION — 9.6.23 DATE

FILED FOR RECORD IN
HIDALGO COUNTY
ARTURO GUAJARDO, JR.
HIDALGO COUNTY CLERK

ON: 10-6-2023 AT 4:20 AM/PM
INSTRUMENT NUMBER 3489902
OF THE MAP RECORDS OF HIDALGO COUNTY, TEXAS
BY: DEPUTY

LEGEND

- FOUND No.4 REBAR
- FOUND PK NAIL
- FOUND 2" STEEL POST
- FOUND "X" MARK IN STUMP
- SET No.4 REBAR WITH PLASTIC CAP STAMPED MELDEN & HUNT
- SET "X" MARK ON CONCRETE

— GAS — GAS — GAS LINE
R.O.W. - RIGHT OF WAY
H.C.M.R. - HIDALGO COUNTY MAP RECORDS
H.C.O.R. - HIDALGO COUNTY OFFICIAL RECORDS
H.C.D.R. - HIDALGO COUNTY DEED RECORDS
W.D.W.V.L. - WARRANTY DEED WITH VENDORS LIEN
VOL. - VOLUME
PG. - PAGE
P.O.B. - POINT OF BEGINNING
S.E. COR. - SOUTHEAST CORNER

LOCATION MAP SCALE: 1"=1000'

GENERAL NOTES :

1. THIS SITE LIES IN ZONE "B" ZONE "B" IS DEFINED AS " AREAS BETWEEN LIMITS OF THE 100-YEAR FLOOD AND 500-YEAR FLOOD; OR CERTAIN AREAS SUBJECT TO 100-YEAR FLOODING WITH AVERAGE DEPTHS LESS THAN ONE (1) FOOT OR WHERE THE CONTRIBUTING DRAINAGE AREA IS LESS THAN ONE SQUARE MILE; OR AREAS PROTECTED BY LEVEES FROM THE BASE FLOOD.
ZONE "B" SHOWN ON
COMMUNITY-PANEL NUMBER: 480343 0010 C
MAP REVISED: NOVEMBER 2, 1982
2. MINIMUM FINISH FLOOR ELEVATION SHALL BE 18" ABOVE TOP OF CURB AT CENTER OF LOT.
3. MINIMUM SETBACKS SHALL COMPLY WITH THE CITY OF McALLEN ZONING CODE:
FRONT: 20 F', OR GREATER FOR EASEMENTS OR APPROVED SITE PLAN OR IN LINE WITH EXISTING STRUCTURES, WHICHEVER IS GREATER APPLIES.
REAR: 10 FT. IN ACCORDANCE WITH THE ZONING ORDINANCE OR GREATER FOR EASEMENTS OR APPROVED SITE PLAN.
INTERIOR SIDES: 6 FT IN ACCORDANCE WITH THE ZONING ORDINANCE OR GREATER FOR EASEMENTS OF APPROVED SITE PLAN.
CORNER: 10 FT. OR GREATER FOR EASEMENTS OR APPROVED SITE PLAN.
GARAGE: 18 FT. EXCEPT WHERE GREATER SETBACK IS REQUIRED; GREATER SETBACK APPLIES.
4. REQUIRED DETENTION FORSTORM SEWER RUNOFF PER THE APPROVED DRAINAGE REPORT SHALL BE 52,787.10 CUBIC FEET (1.212 AC FT.);
AN ENGINEERED DRAINAGEDETENTION PLAN, APPROVED BY THE CITY OF MCALLEN ENGINEERING DEPARTMENT, SHALL BE SUBMITTED AND APPROVED PRIOR TO ISSUANCE OF BUILDING PERMIT.
5. CITY OF McALLEN BENCHMARK: "MC 83" FROM THE CITY OF McALLEN G.P.S. REFERENCE MARKS LIST PREPARED BY GLICK, LINN ON OCTOBER 06, 1999. BEING LOCATED AT THE EAST BOUND OF THE EXP. 83 OVERPASS ON 2ND STREET. 30" ALUM. PIPE WITH A 3 ½" BRASS MONUMENT CAP ON TOP AT ELEVATION = 134.54, NORTHING: 16593592.3404, EASTING: 1074754.7042 (NAD(88).
6. NO STRUCTURES PERMITTED TO BE BUILT OVER EASEMENTS.
7. 4 FT. WIDE MINIMUM SIDEWALK ALONG UVALDE AVENUE AND SOUTH 6TH STREET.
8. 5 FT. OPAQUE BUFFER REQUIRED FROM ADJACENT/BETWEEN MULTI-FAMILY RESIDENTIAL AND COMMERCIAL, AND INDUSTRIAL ZONES/USES.
9. 6 FT. MASONRY WALL REQUIRED BETWEEN SINGLE FAMILY RESIDENTIAL AND COMMERCIAL, INDUSTRIAL, OR MULTI-FAMILY RESIDENTIAL ZONES/USES.
10. SET No. 4 REBARS WITH PLASTIC CAP STAMPED MELDEN AND HUNT ON ALL LOT CORNERS.
11. COMMON/DETENTION AREAS, ANY SERVICE DRIVE, GATE AREAS, ETC. MUST BE MAINTAINED BY THE LOT OWNER(S) AND NOT THE CITY OF MCALLEN.
12. A 25 FT. X 25 FT. SIGHT OBSTRUCTION EASEMENT REQUIRED AT ALL STREET INTERSECTIONS.
13. PARK LAND DEDICATION: VARIANCE WITH THE FOLLOWING CONDITIONS WAS APPROVED: FIFTY (50%) PERCENT OF PARK FEES TO BE PAID UP FRONT PRIOR TO FILE RECORDING. THE REMAINING FIFTY (50%) PERCENT OF PARK FEES TO BE PAID THROUGH THE BUILDING PERMIT APPLICATION PROCESS. TOTAL PARK FEES FOR UVAIDE VILLAS SUBDIVISION ARE $71,400.00 BASED ON $700.00 PER LOT/DWELLING UNIT. FOR EACH OF THE PROPOSED 102 LOTS/DWELLING UNITS. $35,700.00 IS TO BE PAID BEFORE PLAT RECORDING; THEREAFTER THE PARK FEE AT A RATE OF $350.00 PER LOT/DWELLING UNIT WILL BE PAID AT TIME OF BUILDING PERMIT ISSUANCE UNITS. THE PARK FEES ARE PAID IN FULL. A VARIANCE OF "FEES IN LIEU OF LAND DEDICATION" WAS APPROVED ON 09-20-23 WITH THE CONDITIONS LISTED.
14. THE SANITARY SEWER LINE SHALL BE PRIVATE AND JUST BE MAINTAINED BY THE DEVELOPER/HOMEOWNERS ASSOCIATION/LOT OWNER(S), THEIR SUCCESSORS AND/OR ASSIGNEES, AND NOT THE CITY OF MCALLEN.

TEXAS REGIST. F-1435
MELDEN & HUNT INC.
CONSULTANTS • ENGINEERS • SURVEYORS
115 W. McINTYRE - EDINBURG, TX 78541
PH: (956) 381-0981 - FAX: (956) 381-1839
ESTABLISHED 1947 - www.meldenandhunt.com
TBPLS No. 10009500

DRAWN BY: EM DATE 10-14-21
SURVEYED, CHECKED J.L.G DATE 03-07-23
FINAL CHECK DATE

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1157 **Agenda Date:** 10/9/2025 **Agenda #:** 3.

Presentation, discussion, and possible action regarding a Material Amendment to the Housing Tax Credit Application for Landing at San Felipe (HTC #23027)

RECOMMENDED ACTION

WHEREAS, Landing at San Felipe (Development) received an award of 9% Housing Tax Credits (HTCs) in 2023 for the new construction of 48 multifamily units, 45 of which were proposed as low-income units, for the general population in Edcouch, Hidalgo County;

WHEREAS, The Landing at San Felipe, LP (Development Owner or Owner) requests approval for an increase in the number of low-income units from 45 to all 48 of the units;

WHEREAS, the Owner also requests approval for changes to the architectural design of the Development to improve the quality of the Development, including an increase of 578 square feet (4.15%) to the Common Area and slight increases to the sizes of the units, resulting in a 1.59% or 882 square feet increase in the Net Rentable Area, from 55,333 square feet to 56,215 square feet;

WHEREAS, Board approval is required for a significant modification of the architectural design and for any other modification considered material by the staff as directed in Tex. Gov't Code §2306.6712(d)(5) and (7) and 10 TAC §10.405(a)(4)(E) and (I), and the Owner has complied with the amendment requirements therein; and

WHEREAS, the requested changes do not negatively affect the Development or negatively impact the viability of the transaction and would not have adversely affected the selection of the Application or affect the HTC amount awarded;

NOW, therefore, it is hereby

RESOLVED, that the requested amendment for Landing at San Felipe 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

Landing at San Felipe was approved for a 9% HTC award in 2023 for the construction of 48 units, of which 45 were designated as low-income units, of multifamily housing for the general population in Edcouch, Hidalgo County. In a letter dated August 29, 2025, Judith Flores, the

representative for the Owner, requested approval for a material amendment to the Application.

The Development was originally approved with 45 low-income units and three market units. The Owner now requests to have the three market units designated as low-income units, representing an increase of 6.67% in the number of low-income units. Additionally, the types and unit sizes increased from the original Application. The unit sizes increased due to a change to the exterior walls for structural purposes. Additionally, two new types of units were incorporated into the site design due to the sizing of the mechanical closets. As revised, the Net Rentable Area (NRA) increased 882 square feet (1.59%) from the NRA at Application. The unit mix remains 24 two-bedroom units and 24 three-bedroom units. The parking count increased from 82 open surface spaces to 112 open surface spaces, an increase of 30 spaces. A pavilion, a playground, a dog wash area, and a dog park have also been added. There was also an increase in the Common Area from 13,933 square feet, which was previously mistakenly reported as 14,533 square feet at Application, to 14,511 feet, representing an increase of 578 square feet or 4.15%. The common area changes are a 22 square foot decrease to the clubhouse due to a framing issue requiring that the exterior columns on the porches be moved three-and-a-half inches, and introduction of a 600 square foot pavilion for tenant use. A water pump and pump house were also incorporated into the site design.

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 concluded that none of the changes would have affected the selection of the Application in the competitive round.

Staff recommends approval of the amendment as presented herein.

powered by Legistar™

Real Estate Analysis Division
September 23, 2025

Addendum to Underwriting Report

TDHCA Application #: **23027** Program(s): **9% HTC**

The Landing at San Felipe

Address/Location: SEQ of Mile 17 N and N mile 4 W

City: Edcouch County: Hidalgo Zip: 78538

APPLICATION HISTORY	
Report Date	**PURPOSE**
09/23/25	**Amendment Request**
06/29/23	Initial Underwriting Report

ALLOCATION

	Previous Allocation				RECOMMENDATION				
TDHCA Program	**Amount**	**Rate**	**Amort**	**Term**	**Amount**	**Rate**	**Amort**	**Term**	**Lien**
LIHTC (9% Credit)	$1,578,251				**$1,578,251**				

CONDITIONS STATUS

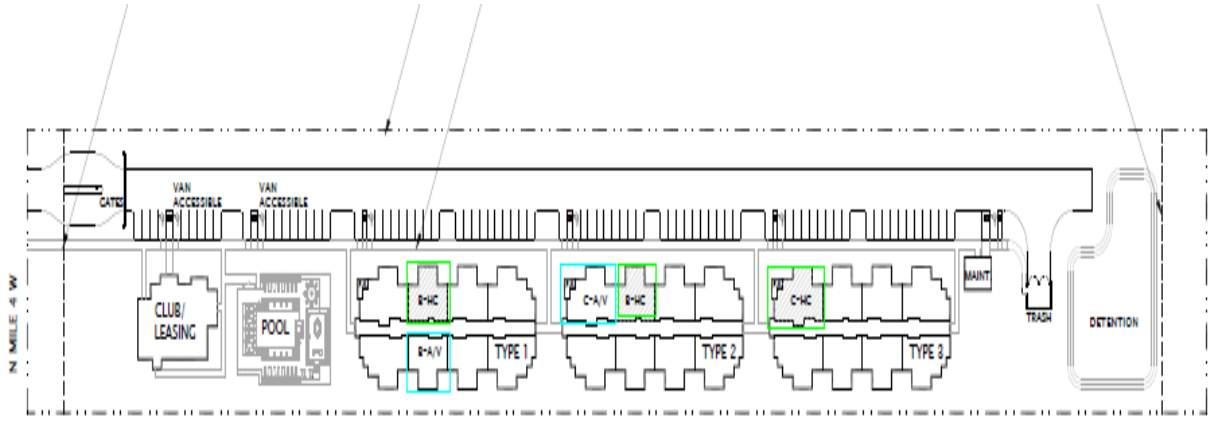
PREVIOUS SET-ASIDES

TDHCA SET-ASIDES for HTC LURA		
Income Limit	Rent Limit	Number of Units
60% of AMI	60% of AMI	45

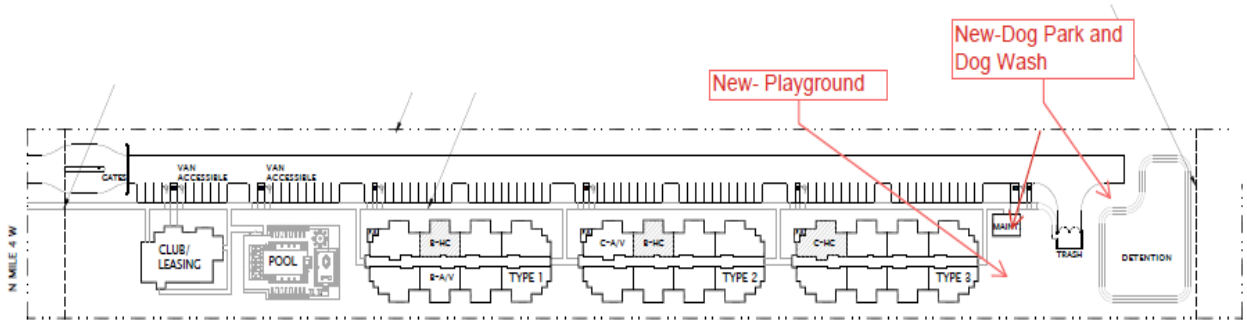
CURRENT SET-ASIDES

TDHCA SET-ASIDES for HTC LURA		
Income Limit	Rent Limit	Number of Units
60% of AMI	60% of AMI	48

PREVIOUS SITE PLAN



NEW SITE PLAN



ANALYSIS

23027 The Landing at San Felipe received a $1,578,251 LIHTC award in 2023.

The applicant has submitted a Material Application Amendment request related to:
- increase in unit sizes;
- addition of a pump, pump house and pavilion;
- increase in total square footage of common area;
- increase in the total number of parking spaces;
- addition of a playground, dog park/dog wash and;
- conversion of three market rate units to 60% AMI units.

Unit Sizes

The types and unit sizes increased from the original application. The number of units per bedroom size did not change. The Applicant previously had 48 units but three of the units were Market Rent units now converting them to HTC units.

The unit sizes have increased, and two additional types of units were incorporated into the site design. These adjustments do not exceed the 3% provided for in the Post Award Activities Manual.

PREVIOUS

Bedroom	Original	# of Units	NRA
2-BR	TC60	21	1,051
2-BR	TC60	2	1,059
2-BR	MR	1	1,051
3-BR	TC60	21	1,253
3-BR	TC60	1	1,274
3-BR	MR	2	1,253
	Total	48	55,333

PROPOSED

Bedroom	**Current**	**# of Units**	**NRA**	Unit NRA Increase
2-BR	TC60	20	**1,066**	
2-BR	TC60	2	**1,061**	
2-BR	TC60	2	**1,072**	
3-BR	TC60	22	**1,276**	
3-BR	TC60	1	**1,270**	
3-BR	TC60	1	**1,287**	
	Total	48	**56,215**	sf 882

Pump House and Water Pump

Upon initial construction, water flow tests were conducted at the site. Recommendations were made by both the Civil and MEP engineers that a water pump was necessary to provide adequate water supply to all buildings to ensure adequate pressure for the fire suppression systems and for the comfort of the residential units. A water pump and pump house were incorporated into the site design.

Common Area Square Footage

The application preliminary site plan did not include the pavilion. The modifications resulted in a net increase of 578 square feet - approximately 4.15% in total common area space. A comparison of the common amenity spaces is provided in the chart below. The increase in common area space aligns with the intent to enhance resident services and amenities. The loss of square footage in the clubhouse was to address a framing problem in which the exterior columns on the porches were moved over 3.5 inches for a total net loss of 22 square feet.

	Application SF	As-Built SF
Clubhouse	4,069	4,047
Pavillion	-	600
Breezeway/Stairs	9864	9864
Total	13,933*	14,511

*Please note, the application contained the maintenance shop of 600 SF included in the common area calculation which equated to 14,533 SF. The maintenance shop should not have been included in the application calculation. The actual amount of common area square footage should have been 13,933 in the application, as reflected in the table above.

Parking

The development's parking was increased from 82 spaces to 112 spaces, within the north side of the property, as the property has no available street parking. This new design incorporated into the site increased the parking ratio from 1.5 per unit to 2.3 per unit.

The Applicant is meeting the parking requirement.

Pavilion, Playground, Dog Park

A pavilion was added as an addition amenity to provide a shaded space to sit/eat outdoors and a covered area for the residents to grill. The playground and dog park are additional amenities included to add to the quality of life for the families residing at the property. The addition of the gated playground is located at the end of building 3 near the picnic area and will be shaded

Market Rate Units to 60% AMI affordable Units

The property currently has three market rate units, and this request is for the conversion of these market rate units to 60% AMI units.

Operating Pro Forma

Underwriter is utilizing 2025 program rents.

Utility allowances decreased from $127 to $74 for two-bedroom units and decreased from $155 to $85 for the three-bedroom units.

Three market rent units are converting to 60% AMI units.

Effective Gross Income increased by $113k, total expenses increased by $68k resulting in a Net Operating Income increase of $45k.

DCR increased from 1.24 to 1.32.

Development Cost

Applicant provided Schedule of Values.

Site Work costs increased by $410k.

Site Amenities decreased by $94k.

Building Costs decreased $495k.

Developer Fee decreased by $175k.

The land acquisition increased from $500k to $525k. A purchase agreement amendment regarding an extension fee was submitted as support for the land acquisition cost increase of $25k.

Total development costs decreased by $447k.

Sources of Funds

The Construction and Permanent lender changed from Regions Bank to Stellar Bank.

The Applicant previously had a conventional loan ($2,895,000 / 5% interest) and Bridge Loan ($10,870,000 / 7% interest) for a total $13,765,000.
The loan has now decreased to $11,960,000 and the interest rate increased to 7.56%.

Permanent loan amount decreased from $2,895,000 to $2,560,000. Interest rate increased from 5% to 7.2%. The term decreased from 40-years to 15-years. The .35% MIP fee has been removed.

The equity investor changed from Regions Affordable Housing to RBC Capital Markets. Capital contribution changed from $13,729,411 to $13,255,983. Credit price went from $.87 to $.84.

Deferred Developer Fee increased from $383,851 to $745,595 and pays off in year 11.

Underwriter recommends an annual federal tax credit allocation of $1,578,251 as previously awarded.

Underwriter:	*Travis Mason*
Manager of Real Estate Analysis:	*Robert Castillo*
Director of Real Estate Analysis:	*Jeanna Adams*

UNIT MIX/RENT SCHEDULE

The Landing at San Felipe, Edcouch, 9% HTC #23027

LOCATION DATA	
CITY:	Edcouch
COUNTY:	Hidalgo
Area Median Income	$63,300
PROGRAM REGION:	11
PROGRAM RENT YEAR:	2025

UNIT DISTRIBUTION					
# Beds	# Units	% Total	Assisted	MDL	ARP
Eff	-	0.0%	0	0	0
1	-	0.0%	0	0	0
2	24	50.0%	0	0	0
3	24	50.0%	0	0	0
4	-	0.0%	0	0	0
5	-	0.0%	0	0	0
TOTAL	48	100.0%	-	-	-

Pro Forma ASSUMPTIONS	
Revenue Growth	2.00%
Expense Growth	3.00%
Basis Adjust	130%
Applicable Fraction	100.00%
APP % Acquisition	4.00%
APP % Construction	9.00%
Average Unit Size	1,171 sf

60%	Income	20%	30%	40%	50%	60%	70%	80%	EO / MR	TOTAL
Average Income	# Units	-	-	-	-	48	-	-	-	48
	% Total	0.0%	0.0%	0.0%	0.0%	100.0%	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 60%	$1,111	20	2	2	1,066	$1,111	$74	$1,037	$0	$0.97	$1,037	**$20,740**	**$20,740**	$1,037	**$1**	**$0**	$1,147	$1.08	$1,147
TC 60%	$1,111	2	2	2	1,061	$1,111	$74	$1,037	$0	$0.98	$1,037	**$2,074**	**$2,074**	$1,037	**$1**	**$0**	$1,155	$1.09	$1,155
TC 60%	$1,111	2	2	2	1,072	$1,111	$74	$1,037	$0	$0.97	$1,037	**$2,074**	**$2,074**	$1,037	**$1**	**$0**	$1,147	$1.07	$1,147
TC 60%	$1,284	22	3	2	1,276	$1,284	$85	$1,199	$0	$0.94	$1,199	**$26,378**	**$26,378**	$1,199	**$1**	**$0**	$1,295	$1.01	$1,295
TC 60%	$1,284	1	3	2	1,270	$1,284	$85	$1,199	$0	$0.94	$1,199	**$1,199**	**$1,199**	$1,199	**$1**	**$0**	$1,316	$1.04	$1,316
TC 60%	$1,284	1	3	2	1,287	$1,284	$85	$1,199	$0	$0.93	$1,199	**$1,199**	**$1,199**	$1,199	**$1**	**$0**	$1,295	$1.01	$1,295
TOTALS/AVERAGES:		**48**			**56,215**				**$0**	**$0.95**	**$1,118**	**$53,664**	**$53,664**	**$1,118**	**$0.95**	**$0**	**$1,222**	**$1.04**	**$1,222**

ANNUAL POTENTIAL GROSS RENT:	$643,968	$643,968	

STABILIZED PRO FORMA

The Landing at San Felipe, Edcouch, 9% HTC #23027

STABILIZED FIRST YEAR PRO FORMA

	COMPARABLES				APPLICANT				PRIOR REPORT		TDHCA				VARIANCE	
	Database	Hidalgo County Comps			% EGI	Per SF	Per Unit	Amount	Applicant	TDHCA	Amount	Per Unit	Per SF	% EGI	%	$
POTENTIAL GROSS RENT						$0.95	$1,118	$643,968	**$521,628**	**$521,628**	$643,968	$1,118	$0.95		0.0%	$0
App Fees, Deposit Forfeitures,							$5.00	$2,880	8,640							
Cable, Laundry, Vending & Pet Fees							$10.00	$5,760								
Total Secondary Income							$15.00			8,640	$8,640	$15.00			0.0%	$0
POTENTIAL GROSS INCOME								$652,608	$530,268	$530,268	$652,608				0.0%	$0
Vacancy & Collection Loss							7.5% PGI	(48,946)	(39,770)	(39,770)	(48,946)	7.5% PGI			0.0%	-
EFFECTIVE GROSS INCOME								$603,662	$490,498	$490,498	$603,662				0.0%	$0
General & Administrative	$22,875	$477/Unit	$25,169	$524	3.96%	$0.43	$498	$23,900	$18,150	$18,150	$25,169	$524	$0.45	4.17%	-5.0%	(1,269)
Management	$37,307	7.4% EGI	$28,760	$599	5.00%	$0.54	$629	$30,183	$24,525	$24,525	$30,183	$629	$0.54	5.00%	0.0%	(0)
Payroll & Payroll Tax	$56,652	$1,180/Unit	$68,362	$1,424	14.71%	$1.58	$1,850	$88,785	$88,914	$88,914	$88,785	$1,850	$1.58	14.71%	0.0%	-
Repairs & Maintenance	$32,844	$684/Unit	$38,510	$802	4.61%	$0.49	$579	$27,800	$31,250	$31,200	$31,200	$650	$0.56	5.17%	-10.9%	(3,400)
Electric/Gas	$16,833	$351/Unit	$9,430	$196	2.07%	$0.22	$260	$12,500	$9,300	$8,271	$9,430	$196	$0.17	1.56%	32.6%	3,070
Water, Sewer, & Trash	$28,446	$593/Unit	$18,153	$378	4.56%	$0.49	$573	$27,500	$21,000	$28,446	$18,153	$378	$0.32	3.01%	51.5%	9,347
Property Insurance	$27,423	$0.49 /sf	$48,602	$1,013	10.24%	$1.10	$1,288	$61,818	$30,624	$30,624	$61,818	$1,288	$1.10	10.24%	0.0%	-
Property Tax (@ 100%) 2.1558	$33,015	$688/Unit	$44,211	$921	8.53%	$0.92	$1,072	$51,463	$28,656	$32,274	$57,342	$1,195	$1.02	9.50%	-10.3%	(5,879)
Reserve for Replacements					1.99%	$0.21	$250	$12,000	$12,000	$12,000	$12,000	$250	$0.21	1.99%	0.0%	-
Supportive Services					0.28%	$0.03	$35	$1,675	$4,699	$4,699	$1,675	$35	$0.03	0.28%	0.0%	-
TDHCA Compliance fees ($40/HTC unit)					0.32%	$0.03	$40	$1,920	$1,800	$1,800	$1,920	$40	$0.03	0.32%	0.0%	-
TOTAL EXPENSES					**56.25%**	**$6.04**	**$7,074**	**$339,544**	**$270,918**	**$280,903**	**$337,675**	**$7,035**	**$6.01**	**55.94%**	**0.6%**	**$ 1,869**
NET OPERATING INCOME ("NOI")					**43.75%**	**$4.70**	**$5,502**	**$264,118**	**$218,580**	**$209,595**	**$265,987**	**$5,541**	**$4.73**	**44.06%**	**-0.7%**	**$ (1,869)**
CONTROLLABLE EXPENSES							$3,760/Unit					$3,599/Unit				

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

The Landing at San Felipe, Edcouch, 9% HTC #23027

DEBT / GRANT SOURCES

		APPLICANT'S PROPOSED DEBT/GRANT STRUCTURE									AS UNDERWRITTEN DEBT/GRANT STRUCTURE						
		Cumulative DCR							Prior Underwriting							Cumulative	
DEBT (Must Pay)	**Fee**	**UW**	**App**	**Pmt**	**Rate**	**Amort**	**Term**	**Principal**	**Applicant**	**TDHCA**	**Principal**	**Term**	**Amort**	**Rate**	**Pmt**	**DCR**	**LTC**
Stellar Bank	0.00%	1.33	1.32	200,581	7.20%	35	15.0	$2,560,000	$2,895,000	$2,895,000	$2,560,000	15.0	35	7.20%	$200,581	1.32	15.5%
Adjustment to Debt Per §11.302(c)(2)	0.00%											15.0	35	7.20%		1.32	0.0%
CASH FLOW DEBT / GRANTS																	
City of Edcouch		1.33	1.32		0.00%	0	0.0	$250	$250	$250	$250	0.0	0	0.00%		1.32	0.0%
				$200,581	**TOTAL DEBT / GRANT SOURCES**			**$2,560,250**	**$2,895,250**	**$2,895,250**	**$2,560,250**	**TOTAL DEBT SERVICE**			**$200,581**	**1.32**	15.5%
NET CASH FLOW		$65,406	$63,537								**APPLICANT**	**NET OPERATING INCOME**		**$264,118**	**$63,538**	**NET CASH FLOW**	

EQUITY SOURCES

		APPLICANT'S PROPOSED EQUITY STRUCTURE							AS UNDERWRITTEN EQUITY STRUCTURE					
							Prior Underwriting							
EQUITY / DEFERRED FEES	**DESCRIPTION**	**% Cost**	**Annual Credit**	**Credit Price**	**Amount**	**Applicant**	**TDHCA**	**Amount**	**Credit Price**	**Annual Credit**	**% Cost**	**Annual Credits per Unit**	**Allocation Method**	
RBC Capital Markets	LIHTC Equity	80.0%	$1,578,251	$0.84	$13,255,983	$13,729,411	$13,729,411	$13,255,983	$0.84	$1,578,251	80.0%	$32,880	Previous Allocation	
The Landing at San Felipe Development, LLC	Deferred Developer Fees	4.5%	(30% Deferred)		$745,595	$383,851	$383,851	$745,593	(30% Deferred)		4.5%	**Total Developer Fee:**		**$2,450,000**
Additional (Excess) Funds Req'd		0.0%						$0			0.0%			
TOTAL EQUITY SOURCES		84.5%			$14,001,578	$14,113,262	$14,113,262	$14,001,576			84.5%			
TOTAL CAPITALIZATION					**$16,561,828**	**$17,008,512**	**$17,008,512**	**$16,561,826**				**15-Yr Cash Flow after Deferred Fee:**		**$409,337**

DEVELOPMENT COST / ITEMIZED BASIS

	APPLICANT COST / BASIS ITEMS							TDHCA COST / BASIS ITEMS						COST VARIANCE	
	Eligible Basis					Prior Underwriting						Eligible Basis			
	Acquisition	**New Const. Rehab**	**Total Costs**			**Applicant**	**TDHCA**	**Total Costs**				**New Const. Rehab**	**Acquisition**	**%**	**$**
Land Acquisition			$10,938 / Unit		$525,000	$500,000	$500,000	$525,000	$10,938 / Unit					0.0%	$0
Building Acquisition	$0		$ / Unit		$0	$0	$0	$0	$ / Unit				$0	0.0%	$0
Closing costs & acq. legal fees					$25,750	$15,000	$15,000	$25,750						0.0%	$0
Off-Sites		$0	$ / Unit		$0	$0	$0	$0	$ / Unit			$0		0.0%	$0
Site Work		$1,414,422	$29,675 / Unit		$1,424,422	$1,013,585	$1,013,585	$1,568,998	$32,687 / Unit			$1,414,422		-9.2%	($144,576)
Site Amenities		$501,784	$10,454 / Unit		$501,784	$596,047	$596,047	$495,803	$10,329 / Unit			$501,784		1.2%	$5,981
Building Cost		$6,219,955	$110.65 /sf	$129,582/Unit	$6,219,955	$6,715,213	$6,351,411	$6,036,359	$125,757/Unit	$107.38 /sf		$6,036,359		3.0%	$183,596
Contingency		$468,872	5.76%	5.76%	$468,872	$582,739	$557,273	$468,872	5.79%	5.90%		$468,872		0.0%	$0
Contractor Fees		$1,151,614	13.38%	13.37%	$1,151,614	$1,247,062	$1,192,564	$1,151,614	13.44%	13.67%		$1,151,614		0.0%	$0
Soft Costs	$0	$1,661,114	$38,360 / Unit		$1,841,257	$1,771,524	$1,771,524	$1,841,257	$38,360 / Unit			$1,661,114	$0	0.0%	$0
Financing	$0	$1,180,936	$35,392 / Unit		$1,698,821	$1,603,260	$1,603,260	$1,698,821	$35,392 / Unit			$1,180,936	$0	0.0%	$0
Developer Fee	$0	$2,442,000	19.38%	19.43%	$2,450,000	$2,625,000	$2,536,517	$2,450,000	19.50%	19.67%		$2,442,000	$0	0.0%	$0
Reserves			6 Months		$254,351	$339,082	$339,082	$254,351	6 Months					0.0%	$0
TOTAL HOUSING DEVELOPMENT COST (UNADJUSTED BASIS)	**$0**	**$15,040,697**	$345,038 / Unit		**$16,561,826**	**$17,008,512**	**$16,476,263**	**$16,516,825**	$344,101 / Unit			**$14,857,101**	**$0**	**0.3%**	**$45,001**
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**	**$15,040,697**	$345,038/unit		**$16,561,826**	**$17,008,512**	**$16,476,263**	**$16,516,825**	$344,101/unit			**$14,857,101**	**$0**	**0.3%**	**$45,001**

TOTAL HOUSING DEVELOPMENT COSTS (Applicant's Uses are within 5% of TDHCA Estimate): **$16,561,826**

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

The Landing at San Felipe, Edcouch, 9% HTC #23027

	CREDIT CALCULATION ON QUALIFIED BASIS			
	Applicant		TDHCA	
	Acquisition	Construction Rehabilitation	Acquisition	Construction
ADJUSTED BASIS	$0	$15,040,697	$0	$14,857,101
Deduction of Federal Grants	$0	$0	$0	$0
TOTAL ELIGIBLE BASIS	$0	$15,040,697	$0	$14,857,101
High Cost Area Adjustment		130%		130%
TOTAL ADJUSTED BASIS	$0	$19,552,906	$0	$19,314,232
Applicable Fraction	100.00%	100.00%	100%	100%
TOTAL QUALIFIED BASIS	$0	$19,552,906	$0	$19,314,232
Applicable Percentage	4.00%	9.00%	4.00%	9.00%
ANNUAL CREDIT ON BASIS	$0	$1,759,762	$0	$1,738,281
CREDITS ON QUALIFIED BASIS	$1,759,762		$1,738,281	

	ANNUAL CREDIT CALCULATION BASED ON APPLICANT BASIS		FINAL ANNUAL LIHTC ALLOCATION		
			Credit Price $0.8399	Variance to Request	
Method	Annual Credits	Proceeds	Credit Allocation	Credits	Proceeds
Eligible Basis	$1,759,762	$14,780,519	----	----	----
Needed to Fill Gap	$1,667,021	$14,001,576	----	----	----
Previous Allocation	$1,578,251	$13,255,983	**$1,578,251**	**$0**	**$0**

Long-Term Pro Forma

The Landing at San Felipe, Edcouch, 9% HTC #23027

	Growth Rate	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15	Year 20	Year 25	Year 30	Year 35
EFFECTIVE GROSS INCOME	2.00%	$603,662	$615,736	$628,050	$640,611	$653,424	$721,432	$796,520	$879,422	$970,953	$1,072,011	$1,183,586
TOTAL EXPENSES	3.00%	$339,544	$349,428	$359,603	$370,078	$380,860	$439,717	$507,762	$586,437	$677,415	$782,630	$904,324
NET OPERATING INCOME ("NOI")		**$264,118**	**$266,307**	**$268,447**	**$270,534**	**$272,564**	**$281,715**	**$288,758**	**$292,985**	**$293,538**	**$289,381**	**$279,262**
EXPENSE/INCOME RATIO		56.2%	56.7%	57.3%	57.8%	58.3%	61.0%	63.7%	66.7%	69.8%	73.0%	76.4%
MUST -PAY DEBT SERVICE												
Stellar Bank		$200,581	$200,581	$200,581	$200,581	$200,581	$200,581	$200,581	$200,581	$200,581	$200,581	$200,581
Adjustment to Debt Per §11.302(c)(2)												
TOTAL DEBT SERVICE		$200,581	$200,581	$200,581	$200,581	$200,581	$200,581	$200,581	$200,581	$200,581	$200,581	$200,581
DEBT COVERAGE RATIO		1.32	1.33	1.34	1.35	1.36	1.40	1.44	1.46	1.46	1.44	1.39
ANNUAL CASH FLOW		**$63,538**	**$65,727**	**$67,866**	**$69,953**	**$71,983**	**$81,134**	**$88,177**	**$92,404**	**$92,958**	**$88,800**	**$78,682**
Deferred Developer Fee Balance		$682,055	$616,329	$548,462	$478,509	$406,526	$18,437	$0	$0	$0	$0	$0
CUMULATIVE NET CASH FLOW		$0	$0	$0	$0	$0	$0	$409,337	$864,190	$1,329,534	$1,783,968	$2,200,278

THE LANDING
AT SAN FELIPE

August 29, 2025

Rosalio Banuelos
Multifamily Asset Division
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, TX 78701

RE: The Landing at San Felipe (TDHCA #23027) – Request for Material Amendment - Revised

Dear Mr. Banuelos,

Pursuant to Section 10.405 of the Post Award and Asset Management Requirements, we respectfully submit this letter as a formal request for a material amendment for The Landing at San Felipe development ("Development"). This request is necessary to reflect the changes made during construction to improve the quality of the property, to ensure adequate water pressure, and to respond to the demand for affordable housing. These changes were not reasonably foreseeable nor preventable at the time of the original Application. Specifically, we request approval for the following amendments:

(1) an increase in the size of the units;
(2) the addition of a pump, pump house and pavilion;
(3) an increase in the total square footage of the common areas;
(4) an increase in the total number of parking spaces provided;
(5) the addition of a playground, dog park and dog wash; and
(6) conversion of three (3) market rate units to 60% AMI affordable units

For reference, the original Application architectural drawings along with the updated as-built drawings are provided to illustrate the modifications as shown in Exhibit A.

Units Size(s)
The types and unit sizes increased from the original application. The number of units per bedroom/bathroom size did not change. However, the original unit sizes have increased. The plans that were submitted in the application had all 2X4 exterior walls. When construction documents were finalized, a change of all walls exposed to the exterior was made to 2X6 for structural purposes. Since the NRA is measured along the outside of stud walls, this change increased the square footage. Additionally, two new types of units were incorporated into the site design as alternative units due to the sizing of the mechanical closets. Please note these adjustments **do not exceed** the 3% provided for in the Post Award Activities Manual.

Table 1

As- Built							
HTC	**Unit Mix**					**Delta SF**	**Increase**
Type	**# Units**	**# Beds**	**# Baths**	**NRA Unit**	**Total NRA**	**from Application Units**	**%**
TC 60%	19	2	2	1066	20254	15	1.43%
TC 60%	2	2	2	1072	2144	13	1.23%
TC 60%	2	2	2	1061	2122	10	0.95%
MR	1	2	2	1066	1066	15	1.43%
TC 60%	20	3	2	1276	25520	23	1.84%
TC 60%	1	3	2	1287	1287	13	1.02%
TC 60%	1	3	2	1270	1270	17	1.36%
MR	2	3	2	1276	2552	23	1.84%
Totals/Averages:	**48**				**56215**		

Additionally, upon approval of this site plan amendment request, the units designated as market rate within Table 1 will convert to 60% AMI units.

Pump House and Water Pump
Upon initial construction, water flow tests were conducted at the site. Recommendations were made by both the Civil and MEP engineers that a water pump was necessary to provide adequate water supply to all buildings and to ensure adequate pressure for the fire suppression systems and for the comfort of the residential units. A water pump and pump house were incorporated into the site design.

Pavilion
A pavilion was added in the As-Built Plan as an additional amenity to provide a shaded space to eat outdoors and a covered area for the residents to grill.

Increase in Common Area Square Footage
The Application preliminary site plan did not include the pavilion. The modifications resulted in a net increase of 578 square feet approximately 4.15% in total common area space. A comparison of the common amenity spaces is provided in the chart below. The increase in common area space aligns with the intent to enhance resident services and amenities. The loss of square footage in the clubhouse was to address a framing problem in which the exterior columns on the porches were moved over 3.5 inches for a total net loss of 22 square feet.

Table 2

	Application SF	As-Built SF
Clubhouse	4,069	4,047
Pavillion	-	600
Breezeway/Stairs	9864	9864
Total	13,933*	14,511

*Please note, the application contained the maintenance shop of 600 SF included in the common area calculation which equated to 14,533 SF. The maintenance shop should not have been included in the application calculation. The actual amount of common area square footage should have been 13,933 in the application, as reflected in Table 2.

Parking
In addition to a unit size adjustment, the Development's parking was increased from 82 spaces to 112 spaces, within the north side of the property, as the property has no available street parking. This new design incorporated into the site increased the parking ratio from 48 units at 1.5 spaces per unit to 2.3 spaces per unit, improving the quality of life for the residents.

Playground, Dog Wash and Dog Park
The playground, dog wash and dog park are additional amenities included in the As-Built plans to also add to the quality of life for the families residing at the property. The outside dog wash is located on the exterior of the maintenance shop away from the buildings. The dog park, located adjacent to the dog wash, has a connecting sidewalk from the buildings and will provide ample distance from the buildings to reduce noise.

The addition of the gated playground is located at the end of Building 3 near the picnic area and will be shaded. The playground selected is for ages 2-12. The placement of this feature at the end of the property will ensure the safety of the children running across the parking lot or into the street.

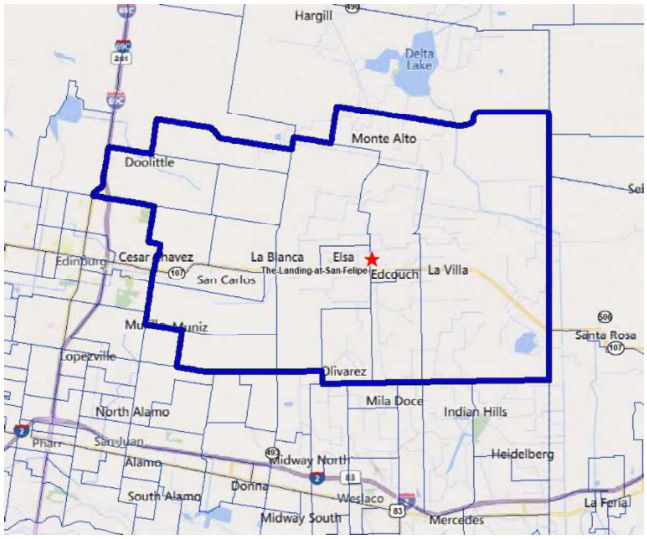
Market Rate Units to 60% AMI affordable Units

The demand for affordable units within the City of Edcouch continues to grow and we have received a formal request from the Mayor of the City of Edcouch to convert our market rate units to affordable (Exhibit B). The city is expecting new business development within its surrounding area and therefore believes there is a need for additional affordable housing units within their community. The property currently has three market rate units, and this request is for the conversion of these three market rate units to 60% AMI units.

Apartment Marketdata has provided the following to document the demand of 60% AMI units for the City of Edcouch and surrounding communities.

Table 3

General							
Unit Size	2025 Demand	2026 & 2027 Growth Demand	10% External Demand	Total Demand	Subject Units	Comparable Units	Inclusive Capture Rate
Overall	865	14	88	967	48	0	5.0%
60% Band	865	14	88	967	48	0	5.0%
2 BR/60%	181	3	18	201	24	0	11.9%
3 BR/60%	296	1	30	326	24	0	7.4%



THE LANDING
AT SAN FELIPE

Additionally, we have provided financial exhibits (Exhibit C) showing the minimal impact of converting the market rate units to 60% AMI units and an email (Exhibit D) confirming the authorization to proceed from the lender and syndicator showing they are aware of the changes being requested and confirming the changes in terms as a result of the conversion.

Conclusion

The requested amendment was necessitated by improvements to the property to enhance the quality of life for our residents, to address concerns regarding water service and to accommodate the request from the City of Edcouch. Ultimately, the changes described above do not negatively impact on the Development's design, unit count, or financial feasibility. Rather they improve the quality of the property and enhance the quality of life for our future residents. Furthermore, these changes would not have adversely affected the project's selection during the 2023 allocation cycle and have no adverse implications for current or future tenants.

We appreciate your consideration and look forward to your response. Please do not hesitate to contact us should you have any questions or if additional information is required.

Sincerely,

Judith Flores
Authorized Signatory

Enclosed please find the revised application documents for staff consideration:
Exhibit A – Architectural Plans
Exhibit B – Request from the City of Edcouch for additional affordable units
Exhibit C – Financial Exhibits

a. Rent Schedule
b. Annual Operating Expenses
c. 15 Year Rental Housing Operating Pro Forma
d. Development Cost Schedule
e. Schedule of Sources of Funds

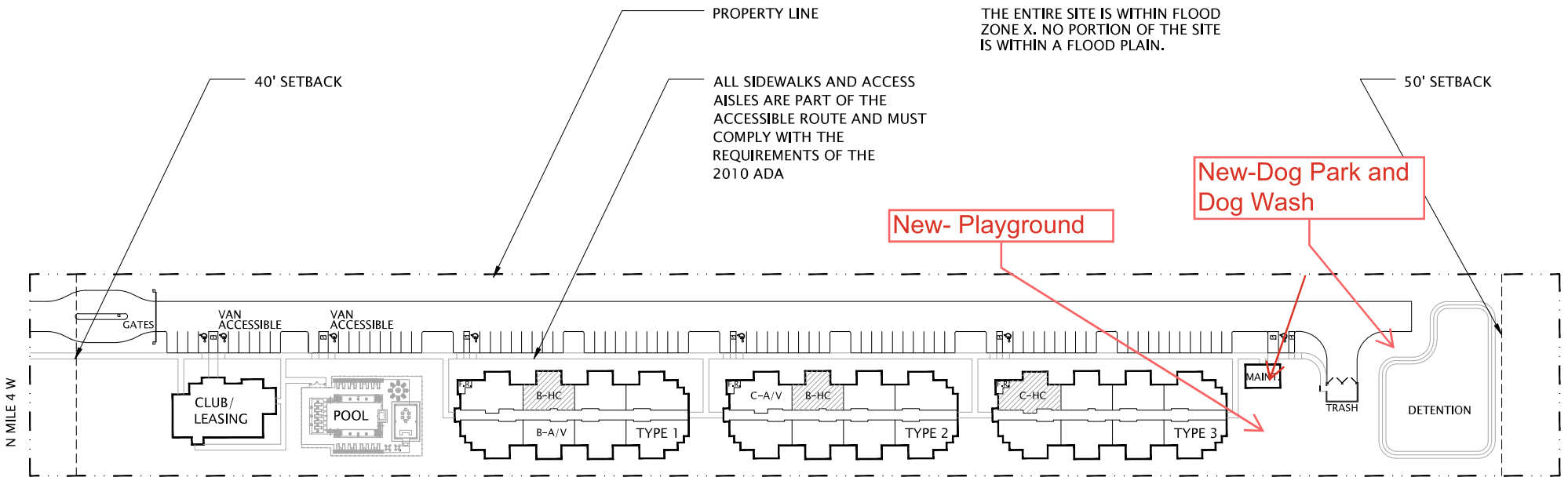
Exhibit D – Email of Approval from Syndicator and Lender

The Landing at San Felipe, L.P.
1913 Chalk Rock Cove Austin, TX 78735
AandEhousing@gmail.com I 512.587.5839

THE LANDING
AT SAN FELIPE

Exhibit A

The Landing at San Felipe, L.P.
1913 Chalk Rock Cove Austin, TX 78735
AandEhousing@gmail.com I 512.587.5839



Additional Parking

Additional Type of Units: B ALT-1 & C ALT

PARKING CALCULATIONS PER CITY REQ.:

48 UNITS @ 1.5 PER UNIT	=	72
TOTAL PARKING REQUIRED	=	72
TOTAL PARKING PROVIDED	=	82
HC PARKING REQUIRED	=	7
HC PARKING PROVIDED	=	7
VAN ACCESSIBLE PROVIDED	=	2

UNIT MATRIX:

TYPE	BR/BA	#	NRA
B	2/2	22	1,051 SQ. FT.
B-HC	2/2	2	1,059 SQ. FT.
C	3/2	23	1,253 SQ. FT.
C-HC	3/2	1	1,274 SQ. F.T

IX:

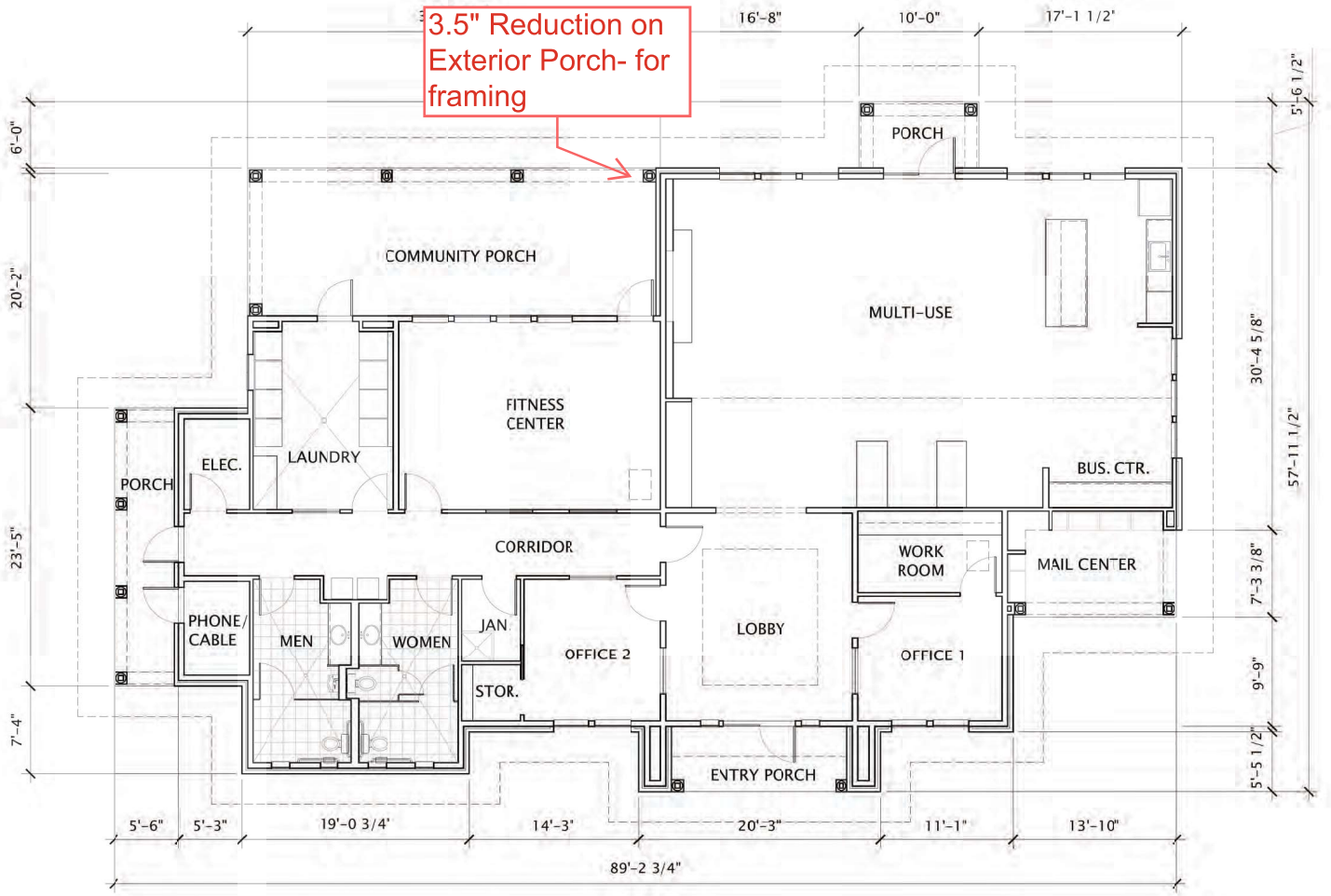
TYPE	#	STORIES	UNIT MIX
1	1	2	7 B, 1 B-HC, 8 C
2	1	2	7 B, 1 B-HC, 8 C
3	1	2	8 B, 7 C, 1 C-HC

BUILDING COMMON AREAS:

CLUBHOUSE	4,069 SQ. FT.
BREEZEWAY/STAIRS	9,864 SQ. FT.
MAINTENANCE	600 SQ. FT.

New-Pump House and Pavillion

NDA	THE LANDING AT SAN FELIPE	02/23
E1	SITE PLAN - 4.913 ACRES	SCALE: 1"= 130'



SPACES AVAILABLE TO RESIDENTS:

LOBBY:	290 SQ. FT.	RESTROOMS:	302 SQ. FT.
OFFICES:	305 SQ. FT.	CORRIDOR:	215 SQ. FT.
MULTI-USE ROOM:	1,264 SQ. FT.	MAIL CENTER:	131 SQ. FT.
FITNESS CENTER:	370 SQ. FT.	PORCHES:	716 SQ. FT.
LAUNDRY:	199 SQ. FT.		

SPACES UNAVAILABLE TO RESIDENTS:

WORK ROOM:	92 SQ. FT.
STORAGE:	29 SQ. FT.
JANITORIAL:	36 SQ. FT.
PHONE/CABLE:	62 SQ. FT.
ELECTRICAL:	58 SQ. FT.

NDA

THE LANDING AT SAN FELIPE

02/23

E13

CLUBHOUSE PLAN – 4,069 SQ. FT.

SCALE: 1" = 15'-0"

Mayor, Virginio Gonzalez Jr.
Mayor Pro Tem/Alderman Place 3: John Chapa
Alderman Place 1: Joel Medina Jr.
Alderman Place 2: Lorenzo Cabrera
Alderman Place 4: Roberto Gutierrez
Alderwoman Place 5: Selma Garcia Morales
City Manager: Mariscla Aguilar

Judy Flores
The Landing at San Felipe, LP
1913 Chalk Rock Cove
Austin, TX 78735

RE: The Landing at San Felipe Apartments

Dear Mrs. Flores,

I wanted to thank you on behalf of the City of Edcouch for your $16 million investment in our community. The affordable apartment community that you are developing will be an important asset to our city and contribute to the growth of our economic base as well as being a valuable resource for low-income families in our community.

I also wanted to thank the Texas Department of Housing and Community Affairs (TDHCA) for providing the federal tax credits required to ensure the development of this housing.

As you know from conversations with Victor Nieves Jr., we have received an influx of inquiries on your property from potential residents, and we are expecting new business development in our community. There is clearly a tremendous demand for affordable housing in Edcouch, and I would encourage you to pursue additional development opportunities in our community. Beyond that, I would like to respectfully request that you consider designating 100% of the units as affordable housing. I believe that you have three apartments set aside as market rate units, but I believe that the city would be best served if they were all targeted to income restricted residents.

Please let me know your thoughts on this matter and whether you can accommodate this request. Thank you.

Virginio Gonzalez Jr.
Mayor, City of Edcouch

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1159 **Agenda Date:** 10/9/2025 **Agenda #:** 4.

Presentation, discussion, and possible action regarding a Material Amendment to the Housing Tax Credit Application for Corrigan Square Apartments (HTC #24075)

RECOMMENDED ACTION

WHEREAS, Corrigan Square Apartments (the Development) received a 9% Housing Tax Credit (HTC) award in 2024 for the acquisition and rehabilitation of 96 units of multifamily housing for the general population in Corrigan, Polk County;

WHEREAS, Corrigan Square Housing, Ltd. (Applicant) requests approval to increase the size of the Development site from 13.2023 acres to 14.8109 acres, due to the abandonment of streets for parking, which results in a 10.86% decrease in residential density from 7.271 units per acre to 6.482 units per acre;

WHEREAS, Board approval is required for a modification of the residential density of at least 5% as directed in Tex. Gov't Code §2306.6712(d)(6) and 10 TAC §10.405(a)(4)(F), and the Applicant has complied with the amendment requirements therein; and

WHEREAS, the requested change does not materially alter the Development in a negative manner, was not reasonably foreseeable or preventable by the Applicant at the time of Application, and would not have adversely affected the selection of the Application;

NOW, therefore, it is hereby

RESOLVED, that the requested material amendment of the Application for Corrigan Square Apartments is approved as presented at this meeting, and the Executive Director and his designees are each authorized, directed, and empowered to take all necessary action to effectuate the Board's determination.

BACKGROUND

Corrigan Square Apartments received a 9% Housing Tax Credit (HTC) award in 2024 for the acquisition and rehabilitation of 96 units of multifamily housing for the general population, of which all units are designated as low-income units, in Corrigan, Polk County. In a letter dated August 13, 2025, Jonathan Campbell, the representative for the Applicant, requested approval for a material amendment to the Application. The amendment is for a 10.86% decrease in the residential density, from 7.271 units per acre to 6.482 units per acre, which requires approval by the Board under Tex. Gov't Code §2306.6712(d)(6) and 10 TAC §10.405(a)(4)(F). The change

is a result of an increase in the Development site acreage from 13.2023 to 14.8109 acres, an increase of 1.6086 acres (12.18% increase).

The Applicant stated that during the due diligence regarding the acquisition of the property, it was determined that there would need to be a street abandonment for some of the parking spaces. This would be necessary so that the parking spaces could be properly maintained by the Applicant in accordance with accessibility requirements. The Applicant received approval from the City of Corrigan (the City) for the abandonment and dedication of portions of Bluebonnet Circle. The Applicant will provide an accessible route and connectivity to Corrigan Square Apartments. In addition, the Applicant was granted two crosswalk easements from the City. As a result of the street abandonment, the Applicant is proposing to add an additional 1.6086 acres to the original site through four 18-foot-wide strips of land. The proposed modification to the development site results in an increase to the site acreage from 13.2023 acres to 14.8109 acres. This is a 12.18% increase in site acreage and a 10.86% decrease in residential density. Parking requirements continue to meet local code.

The total number of units, proposed unit mix, number of buildings and proposed common amenities all remain unchanged. The Applicant has indicated that need for this request was not discovered until further due diligence was completed for the acquisition, and therefore, this change was unforeseeable at the time of Application. The Applicant has stated that there has been no financial impact due to this request.

The requested amendment does not materially alter the Development in a negative manner and would not have affected the selection of the Development for the HTC award.

Staff recommends approval of the requested material amendment to the Application.

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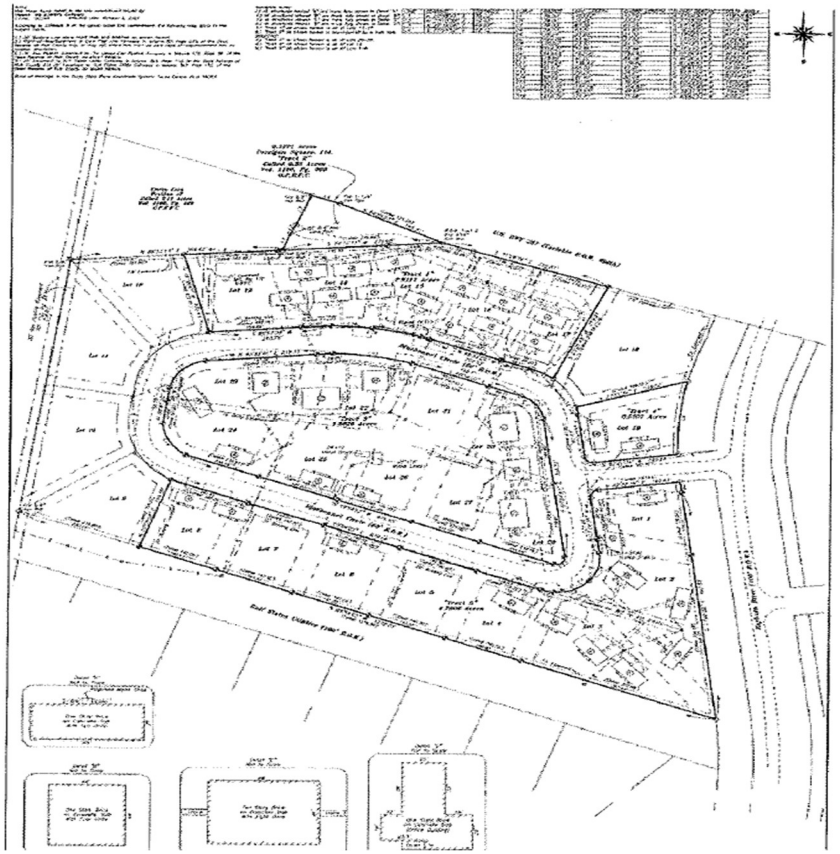
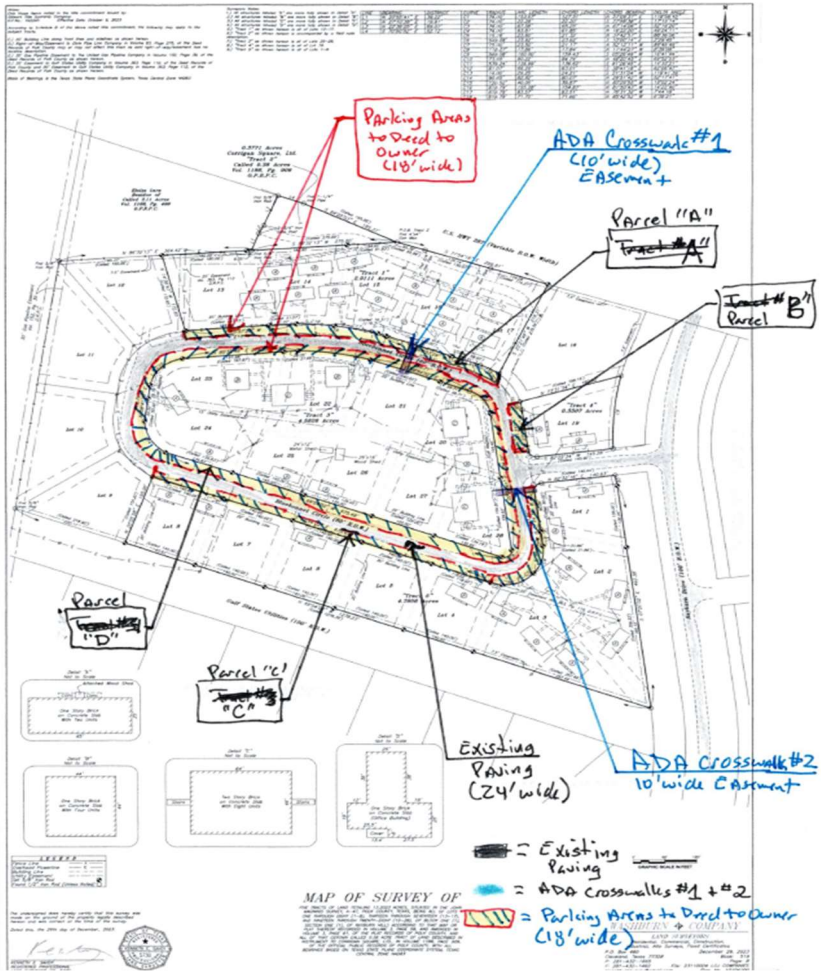
Material Alterations as defined in Texas Gov't Code §2306.6712(d)(6) and 10 TAC §10.405(a)(4)(F)	
Application	**Amendment**
Density: 7.271 units/acre (96 units on a 13.2023-acre tract)	Density: 6.482 units/acre (96 units on a 14.8109-acre tract)
	

Corrigan Square Housing, Ltd.

P O Box 489 • New Caney, TX 77357 • Telephone (281) 210-5530
jcampbell@lcjcompanies.com

August 13, 2025

Ms. Karen Curtice
Senior Asset Manager
Texas Department of Housing and Community Affairs
P O Box 13941
Austin, TX 78711

Re: Application Amendment Request for #24075 Corrigan Square Apartments, Corrigan, TX

Dear Ms. Curtice,

The principals of Corrigan Square Housing, Ltd. (the "Owner") request an Amendment to change the acreage and density of the site.

During the due diligence regarding the acquisition of the property it was determined there would need to be a street abandonment for some of the parking spaces so that the parking spaces could be properly maintained by the owner in accordance with Fair Housing and Accessibility.

The site is increasing from 13.2023 acres to 14.8023 acres, and the density is decreasing from 7.27 to 6.49. A copy of the survey is attached to this request, along with marked up copy of the survey indicating the parking to be abandoned and dedicated to the owner (Parcels A, B, C and D). It also indicates the accessibility crosswalk easements required in our application. A copy of the city ordinance for all these issues is also included with the request.

Since this will be material amendment under the TDHCA Rules, there is a $2500.00 fee attached with this request.

This change is necessary so the owner can maintain the property in compliance with Fair Housing and Accessibility requirements. This was not discovered until further due diligence was done for the acquisition; therefore, it was unforeseeable by the owner at the time of application. There is no financial impact on the development.

Please let me know if there is anything additional needed to complete this request.

Sincerely,

Jonathan Campbell
Managing Member, General Partner

Notes:
Only those items noted in the title commitment issued by:
Stewart Title Guaranty Company
G.F.No.: 192245 Effective Date: October 6, 2023

According to Schedule B of the above noted title commitment, the following may apply to the subject tracts.

C.) 20' Building Line along front lines and sidelines as shown hereon. Note that the Second Amendment to the Rayburn Hills Subdivision, Section No. 1, as recorded under Volume 241, Page 648, of the Deed Records of Polk County, states "As to Block One only, no building or structure shall be erected within 20 feet of any front lines of any lot or within 20 feet of the sidelines of any lot, except, if two or more adjacent lots are acquired by the same individual or entity, the restrictions contained in this sentence shall not be applicable to the common lines of said lots.

D.) Right-of-Way/Easement to Dixie Pipe Line Company in Volume 83, Page 275, of the Deed Records of Polk County may or may not affect this tract as said right-of-way/easement has no locative description.

E.) 30' Gas Pipeline Easement to The United Gas Pipeline Company in Volume 152, Page 39, of the Deed Records of Polk County as shown hereon.

G.) 20' Easement to Gulf States Utility Company in Volume 363, Page 110, of the Deed Records of Polk County and 20' Easement to Gulf States Utility Company in Volume 363, Page 112, of the Deed Records of Polk County as shown hereon.

Basis of Bearings is the Texas State Plane Coordinate System, Texas Central Zone NAD83

Surveyors Notes:

1.) "Parcel A" as shown hereon is an 18' wide strip of land being 0.2501 acres and being the same tract referred to as "Parcel A" and described in Instrument to Corrigan Square, Ltd., in Volume 2594, Page 514, of the Official Public Records of Polk County. Said "Parcel A" also being a Utility Easement described in Instrument to the City of Corrigan, Texas, in Volume 2594, Page 533, of the Official Public Records of Polk County.

2.) "Parcel B" as shown hereon is an 18' wide strip of land being 0.1080 acres and being the same tract referred to as "Parcel B" and described in Instrument to Corrigan Square, Ltd., in Volume 2594, Page 514, of the Official Public Records of Polk County. Said "Parcel B" also being a Utility Easement described in Instrument to the City of Corrigan, Texas, in Volume 2594, Page 533, of the Official Public Records of Polk County.

3.) "Parcel C" as shown hereon is an 18' wide strip of land being 0.4490 acres and being the same tract referred to as "Parcel C" and described in Instrument to Corrigan Square, Ltd., in Volume 2594, Page 514, of the Official Public Records of Polk County. Said "Parcel C" also being a Utility Easement described in Instrument to the City of Corrigan, Texas, in Volume 2594, Page 533, of the Official Public Records of Polk County.

4.) "Parcel D" as shown hereon is an 18' wide strip of land being 0.8015 acres and being the same tract referred to as "Parcel D" and described in Instrument to Corrigan Square, Ltd., in Volume 2594, Page 514, of the Official Public Records of Polk County. Said "Parcel D" also being a Utility Easement described in Instrument to the City of Corrigan, Texas, in Volume 2594, Page 533, of the Official Public Records of Polk County.

5.) This easement is a 10' wide crosswalk easement being 0.0138 acres and being referred to as "Crosswalk 1" and described in Instrument to Corrigan Square, LTD., in Volume 2594, Page 505, of the Official Public Records of Polk County.

6.) This easement is a 10' wide crosswalk easement being 0.0140 acres and being referred to as "Crosswalk 2" and described in Instrument to Corrigan Square, LTD., in Volume 2594, Page 505, of the Official Public Records of Polk County.

7.) All structures labeled "A" are more fully shown in Detail "A".

8.) All structures labeled "B" are more fully shown in Detail "B".

9.) All structures labeled "C" are more fully shown in Detail "C".

10.) All structures labeled "D" are more fully shown in Detail "D".

11.) "Tract 1" as shown hereon is all of Lots 13-17.

12.) "Tract 2" as shown hereon is accompanied by a field note description.

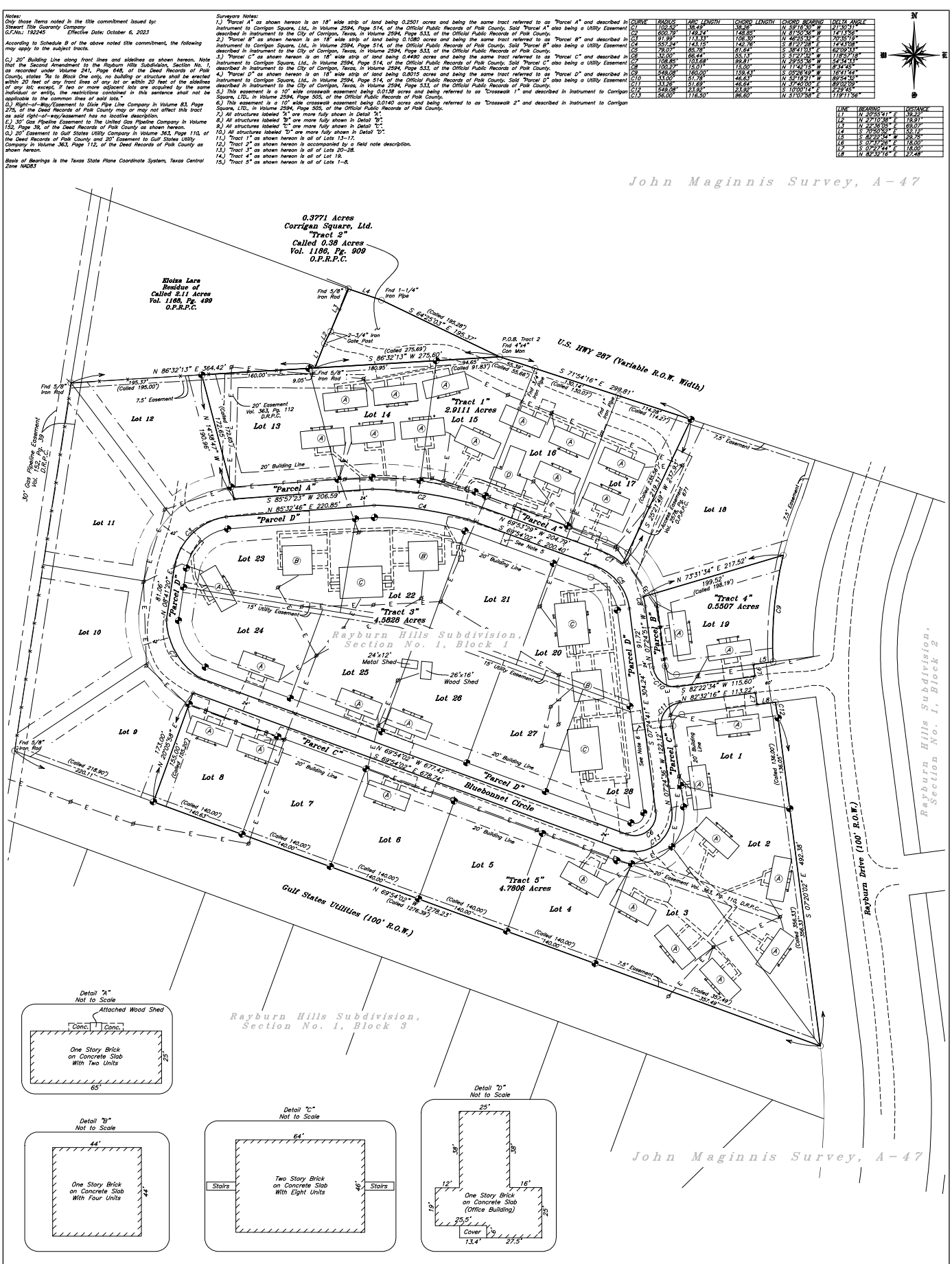
13.) "Tract 3" as shown hereon is all of Lots 20-28.

14.) "Tract 4" as shown hereon is all of Lot 19.

15.) "Tract 5" as shown hereon is all of Lots 1-8.

CURVE	RADIUS	ARC LENGTH	CHORD LENGTH	CHORD BEARING	DELTA ANGLE
C1	100.50'	58.49'	58.26'	N 59°16'50" W	21°30'51"
C2	600.79'	149.24'	148.85'	N 81°50'56" W	14°13'56"
C3	97.99'	113.33'	106.30'	N 49°25'59" E	70°58'13"
C4	557.24'	143.15'	142.76'	S 81°27'28" E	14°43'09"
C5	79.07'	85.78'	81.64'	S 38°41'03" E	62°09'33"
C6	52.00'	66.44'	62.13'	S 31°27'15" W	118°47'18"
C7	108.85'	103.68'	99.81'	N 29°55'56" W	54°34'33"
C8	100.37'	15.07'	15.00'	N 11°47'15" W	8°36'45"
C9	549.08'	160.00'	159.43'	S 05°26'49" W	16°41'44"
C10	53.00'	51.78'	49.63'	N 32°18'21" W	89°54'42"
C11	53.26'	51.69'	49.64'	N 57°40'00" E	89°02'09"
C12	549.08'	23.92'	23.92'	S 10°00'14" E	2°29'46"
C13	56.00'	116.30'	96.60'	N 31°07'58" E	119°01'56"

LINE	BEARING	DISTANCE
L1	N 20°55'41" E	19.22'
L2	N 2°10'18" E	19.91'
L3	N 32°38'06" E	69.97'
L4	S 70°50'52" E	52.72'
L5	S 82°22'54" W	29.75'
L6	S 07°37'06" E	18.00'
L7	S 07°37'44" E	18.00'
L8	N 82°32'16" E	27.48'



MAP OF SURVEY OF

NINE TRACTS OF LAND TOTALING 14.8109 ACRES, SITUATED IN THE JOHN MAGINNIS SURVEY, A-47, POLK COUNTY, TEXAS, BEING ALL OF LOTS ONE THROUGH EIGHT (1-8), THIRTEEN THROUGH SEVENTEEN (13-17), AND NINETEEN THROUGH TWENTY-EIGHT (19-28), OF BLOCK ONE (1), SECTION ONE (1), OF RAYBURN HILLS ACCORDING TO THAT MAP OR PLAT THEREOF RECORDED IN VOLUME 3, PAGE 58, AND AMENDED IN VOLUME 5, PAGE 61, OF THE PLAT RECORDS OF POLK COUNTY, ALL OF THAT CERTAIN CALLED 0.38 ACRE TRACT OF LAND DESCRIBED IN INSTRUMENT TO CORRIGAN SQUARE, LTD., IN VOLUME 1186, PAGE 909, OF THE OFFICIAL PUBLIC RECORDS OF POLK COUNTY, AND ALL OF THAT CERTAIN CALLED 0.2501 ACRE TRACT, "PARCEL A", THAT CERTAIN CALLED 0.1080 ACRE TRACT, "PARCEL B", THAT CERTAIN CALLED 0.4490 ACRE TRACT, "PARCEL C", AND THAT CERTAIN CALLED 0.8015 ACRE TRACT, "PARCEL D", ALL OF WHICH BEING DESCRIBED IN INSTRUMENT TO CORRIGAN SQUARE, LTD., IN VOLUME 2594, PAGE 514, OF THE OFFICIAL PUBLIC RECORDS OF POLK COUNTY, WITH ALL BEARINGS BASED ON TEXAS STATE PLANE COORDINATE SYSTEM, TEXAS CENTRAL ZONE NAD83

The undersigned does hereby certify that this survey was made on the ground of the property legally described hereon and was correct at the time of the survey.

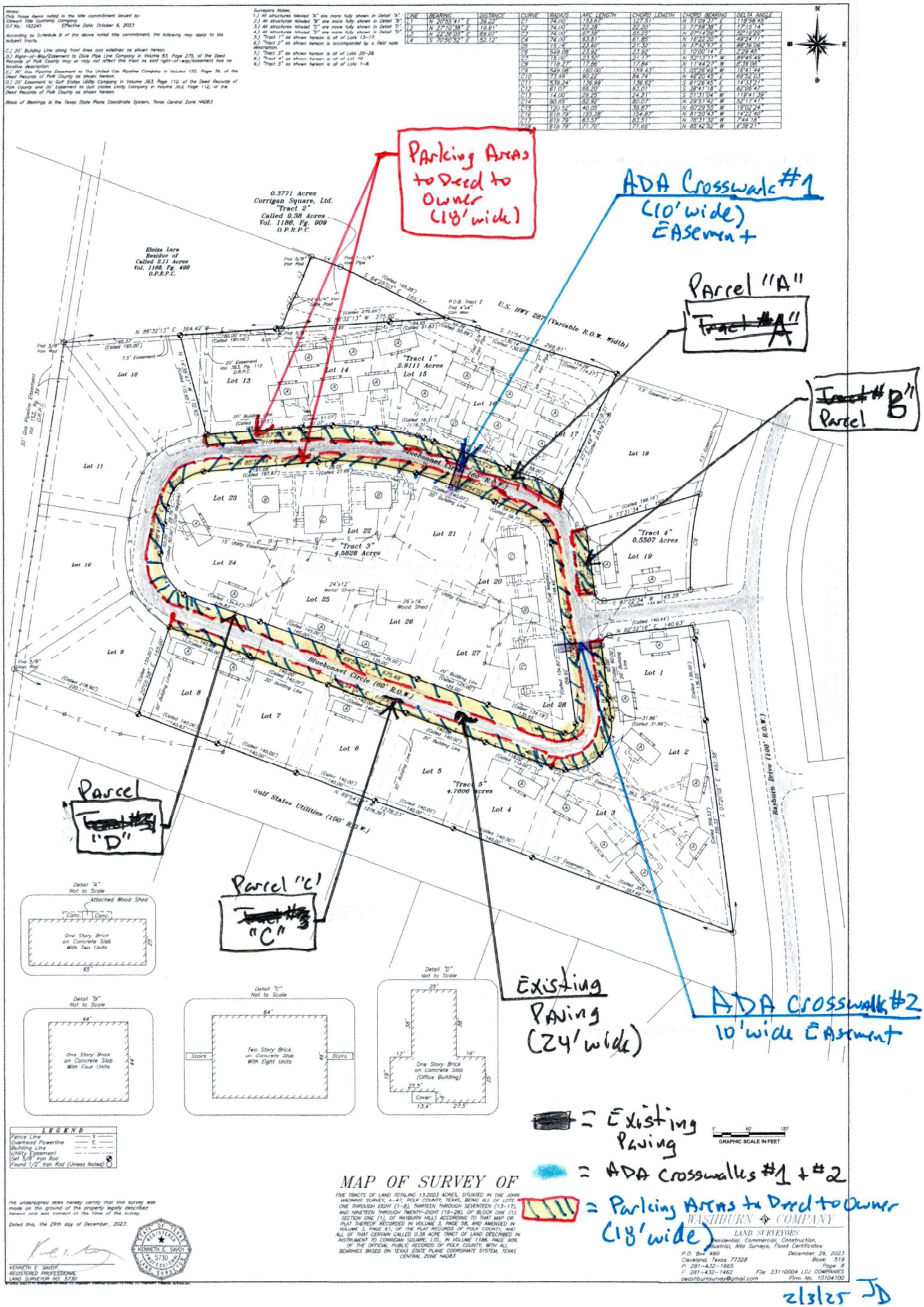
Dated this, the 29th day of December, 2023.

KENNETH E. SAVOY
REGISTERED PROFESSIONAL
LAND SURVEYOR NO. 5730

STATE OF TEXAS
REGISTERED
KENNETH E. SAVOY
5730
PROFESSIONAL
LAND SURVEYOR

WASHBURN ✦ COMPANY
LAND SURVEYORS
Residential, Commercial, Construction, Industrial, Alta Surveys, Flood Certificates
P.O. Box 460
Cleveland, Texas 77328
P: 281-432-1665
F: 281-432-1462
awashburnsurvey@gmail.com

December 29, 2023
Book: 519
Page: 8
File: 23110004 LCJ COMPANIES
Firm No. 10104100
Revised April 29, 2025 to include Parcels A, B, C, and D.



Notes:
Only those items noted in the title commitment issued by:
Stewart Title Guaranty Company
G.F.No.: 183245 Effective Date: October 6, 2023
According to Schedule B of the above noted title commitment, the following may apply to the subject tracts.
C.) 20' Building Line along front lines and sidelines as shown hereon.
D.) Right-of-Way/Easement to Dixie Pipe Line Company in Volume 83, Page 275, of the Deed Records of Polk County may or may not affect this tract as said right-of-way/easement has no locative description.
E.) 30' Gas Pipeline Easement to The United Gas Pipeline Company in Volume 152, Page 39, of the Deed Records of Polk County as shown hereon.
O.) 20' Easement to Gulf States Utility Company in Volume 363, Page 110, of the Deed Records of Polk County and 20' Easement to Gulf States Utility Company in Volume 353, Page 114, of the Deed Records of Polk County as shown hereon.

Basis of Bearings is the Texas State Plane Coordinate System, Texas Central Zone NAD83

Surveyors Notes:
1.) All structures labeled "A" are more fully shown in Detail "A".
2.) All structures labeled "B" are more fully shown in Detail "B".
3.) All structures labeled "C" are more fully shown in Detail "C".
4.) All structures labeled "D" are more fully shown in Detail "D".
5.) "Tract 1" as shown hereon is all of Lots 13-18.
6.) "Tract 2" as shown hereon is accompanied by a field note description.
7.) "Tract 3" as shown hereon is all of Lots 20-28.
8.) "Tract 4" as shown hereon is all of Lot 19.
9.) "Tract 5" as shown hereon is all of Lots 1-8.

LINE	BEARING	DISTANCE
L1	N 20°55'41" E	38.42'
L2	N 27°07'58" E	19.91'
L3	N 22°36'55" E	69.02'
L4	S 70°50'52" E	52.13'

CURVE	RADIUS	ARC LENGTH	CHORD LENGTH	CHORD BEARING	DELTA ANGLE
C1	74.10'	153.67'	127.01'	N 51°09'57" E	118°48'45"
C2	74.10'	37.38'	37.00'	S 18°13'38" E	28°54'27"
C3	74.10'	67.50'	65.20'	N 67°14'08" E	52°12'52"
C4	74.10'	63.81'	61.85'	N 18°42'20" E	49°21'11"
C5	74.10'	20.50'	20.43'	N 17°43'39" W	15°51'34"
C6	149.08'	33.92'	33.84'	S 10°00'14" E	13°02'45"
C7	73.10'	53.60'	52.39'	N 52°13'11" W	49°45'49"
C8	73.10'	21.91'	21.83'	N 17°43'39" W	17°10'38"
C9	110.24'	17.86'	17.84'	N 17°43'39" W	9°16'58"
C10	149.08'	150.60'	144.43'	S 58°26'49" W	57°51'44"
C11	73.09'	90.92'	84.74'	N 46°20'45" E	69°53'03"
C12	439.24'	136.99'	136.62'	S 81°26'45" E	17°52'21"
C13	61.07'	68.20'	64.81'	S 28°41'18" E	63°58'47"
C14	14.00'	29.35'	24.21'	S 51°31'04" W	119°41'59"
C15	90.05'	62.92'	60.01'	N 29°51'42" W	40°01'47"
C16	20.05'	40.05'	34.03'	N 60°05'04" W	114°29'24"
C17	61.79'	105.58'	94.87'	N 81°09'43" W	97°52'40"
C18	61.79'	63.57'	61.51'	N 78°31'39" W	7°44'18"
C19	61.79'	71.70'	71.68'	N 85°42'52" W	6°39'21"

LEGEND
Fence Line
Overhead Powerline
Building Line
Utility Easement
Set 5/8" Iron Rod
Found 1/2" Iron Rod (Unless Noted)

GRAPHIC SCALE IN FEET

= Existing Paving

= ADA Crosswalks #1 + #2

= Parking Areas to Deed to Owner (18' wide)

MAP OF SURVEY OF

FIVE TRACTS OF LAND TOTALING 13.2023 ACRES, SITUATED IN THE JOHN MACHAIS SURVEY, A-47, POLK COUNTY, TEXAS, BEING ALL OF LOTS ONE THROUGH EIGHT (1-8), THIRTEEN THROUGH SEVENTEEN (13-17), AND NINETEEN THROUGH TWENTY-EIGHT (19-28), OF BLOCK ONE (1), SECTION ONE (1), OF HAYBURN HILLS ACCORDING TO THAT MAP OR PLAT THEREOF RECORDED IN VOLUME 3, PAGE 58, AND AMENDED IN VOLUME 3, PAGE 61, OF THE PLAT RECORDS OF POLK COUNTY, AND ALL OF THAT CERTAIN CALLED 0.38 ACRE TRACT OF LAND DESCRIBED IN INSTRUMENT TO CORRIGAN SQUARE, LTD., IN VOLUME 1186, PAGE 909, OF THE OFFICIAL PUBLIC RECORDS OF POLK COUNTY, WITH ALL BEARINGS BASED ON TEXAS STATE PLANE COORDINATE SYSTEM, TEXAS CENTRAL ZONE NAD83

the undersigned does hereby certify that this survey was made on the ground of the property legally described hereon and was correct at the time of the survey.

Dated this, the 29th day of December, 2023.

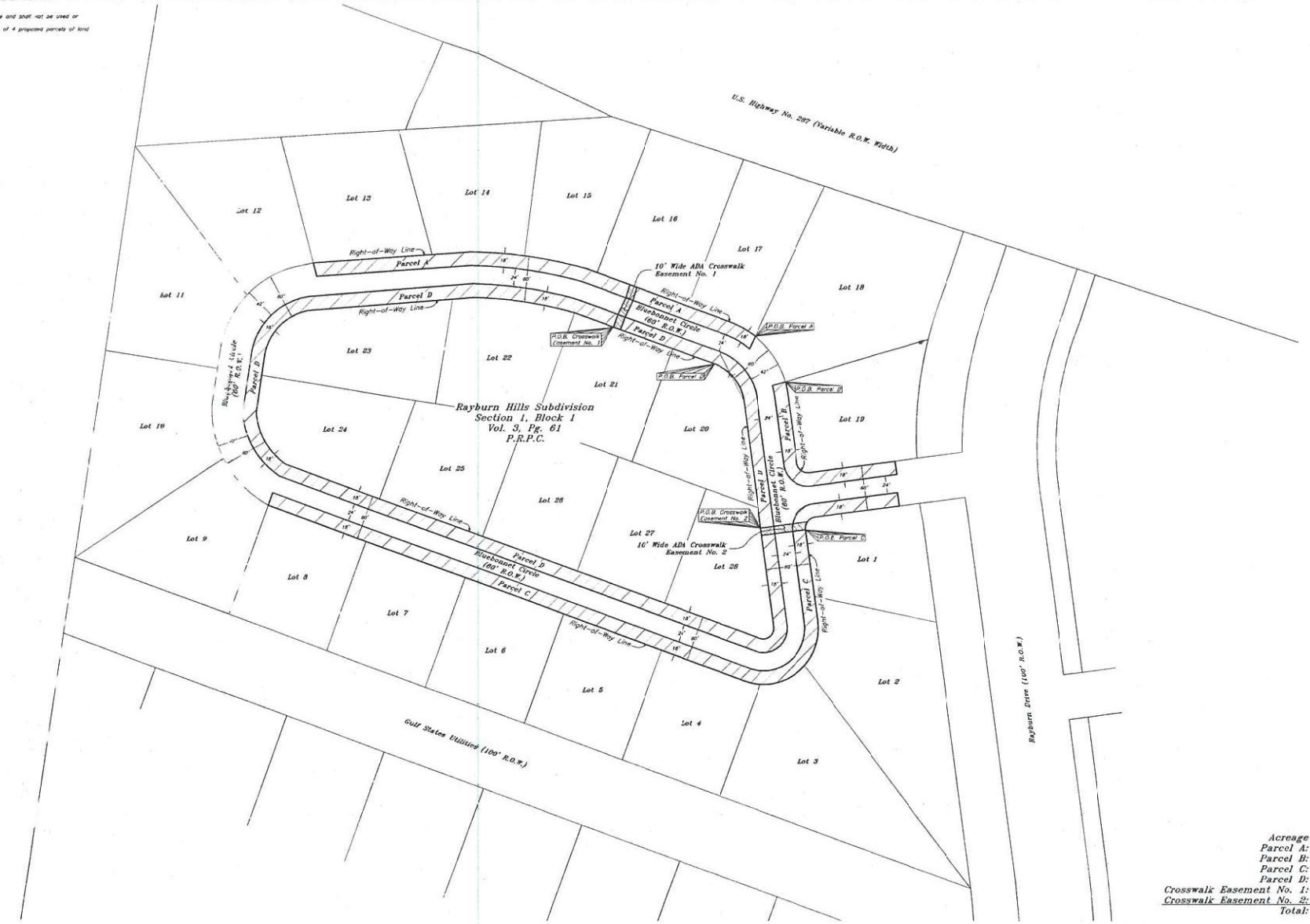
KENNETH E. SAVOY
REGISTERED PROFESSIONAL LAND SURVEYOR NO. 5730

WASHBURN & COMPANY
LAND SURVEYORS
Residential, Commercial, Construction, Industrial, Alta Surveys, Flood Certificates
P.O. Box 460
Cleveland, Texas 77328
P: 281-432-1665
F: 281-432-1462
washburnsurvey@gmail.com

December 29, 2023
Book: 519
Page: 8
File: 23110004 LCJ COMPANIES
Firm No. 10104100

2/3/25 JD

Notes:
1.) Preliminary, this document shall not be recorded for any purpose and shall not be used or viewed or relied upon as a final survey document.
2.) The purpose of this document is to show the proposed location of 4 proposed parcels of land and 2 crosswalk easements.



Acreage Calculations:
Parcel A: 0.2501 Acres
Parcel B: 0.1080 Acres
Parcel C: 0.4490 Acres
Parcel D: 0.8015 Acres
Crosswalk Easement No. 1: 0.0130 Acres
Crosswalk Easement No. 2: 0.0140 Acres
Total: 1.6364 Acres

EXHIBIT SHOWING

THE PROPOSED LOCATION OF 4 PARCELS OF LAND AND 2 CROSSWALK EASEMENTS BEING SITUATED IN THE JOHN MAGNINIS SURVEY, A-42, POLK COUNTY, TEXAS, AND BEING OUT OF AND A PART OF BLUEBONNET CIRCLE, A 60 FOOT WIDE RIGHT-OF-WAY, ACCORDING TO THAT MAP OR PLAT THEREOF RECORDED IN VOLUME 3, PAGE 58, AND AMENDED IN VOLUME 3, PAGE 61, OF THE PLAT RECORDS OF POLK COUNTY

0' 60' 120'
GRAPHIC SCALE IN FEET

WASHBURN & COMPANY
LAND SURVEYORS
Residential, Commercial, Construction, Industrial, Alta Surveys, Flood Certificates
P.O. Box 460
Cleveland, Texas 77328
P: 281-432-1665
F: 281-432-1462
washburnsurvey@gmail.com
February 10, 2023
Book: 31
Page:
File: 23110004 LCJ COMPANIES
Firm No. 10104702

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1176 **Agenda Date:** 10/9/2025 **Agenda #:** 5.

Presentation, discussion, and possible action regarding an increase to the Housing Tax Credit amount for Wildhorse Flats (HTC #20488)

RECOMMENDED ACTION

WHEREAS, Wildhorse Flats (the Development) received a 4% Housing Tax Credit (HTC) award in 2020 for the construction of 310 units for the general population in Austin, Travis County;

WHEREAS, construction of the Development has been completed, and ECG Wildhorse, LP (the Development Owner or Owner) requests, at cost certification, to increase the annual HTC amount from $2,781,346, the amount reflected in the Determination Notice, to $3,628,668, a difference of $847,322, which represents a 30.46% increase;

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 requested, and staff has determined that the increase is necessary for the viability of the transaction;

NOW, therefore, it is hereby

RESOLVED, that the housing tax credit increase for Wildhorse Flats requested by the Development Owner 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

Wildhorse Flats received a 4% HTC award in 2020 for new construction of 310 units for the general population in Austin, Travis County. On December 10, 2020, a Determination Notice was issued with an approved annual tax credit amount of $2,781,346. Construction of the Development is complete, and the final cost certification documentation is under review by the Department.

During the review of the cost certification, C. Hunter Nelson, the representative for the Development Owner, requested an annual HTC amount of $3,628,674, which was adjusted to $3,628,668 in the Department's analysis. The adjusted annual HTC amount represents an increase of $847,322 (30.46%) from the amount reflected in the Determination Notice. Through the cost certification review process, the representative for the Development Owner explained that the Development incurred increased costs during construction, and furthermore, there was an increase in the applicable tax credit percentage for the calculation of the credit award.

A comparison of the development costs from the time of the Application, in 2020, to Cost Certification indicates that total development costs increased approximately $3 million (3.95%), from $76,341,256 to $79,354,965. The Owner further explained that, due to the Consolidated Appropriations Act of 2021, the tax credit percentage increased from 3.23% at application to 4.00% at the time of cost certification. This change in the tax credit percentage accounts for an increase of approximately 23.84% to the annual HTC amount. The remaining increase of 6.63% is attributed to the increased development costs.

Staff's analysis of this transaction at cost certification has concluded that the Development supports an annual tax credit allocation of $3,628,668, and that this 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 30.46% increase from $2,781,346, 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 Development Owner will be required to submit the Tax-Exempt Bond Credit Increase Request Fee required in 10 TAC §11.901(8) for the increase to the HTC amount prior to issuance of Forms 8609. Additionally, all required pending documentation for the cost certification review must be provided for the issuance of 8609s.

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

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UNIT MIX/RENT SCHEDULE

Wildhorse Flats, Austin, # 20488

LOCATION DATA	
CITY:	Austin
COUNTY:	Travis
PROGRAM REGION:	7

UNIT DISTRIBUTION					
# Beds	# Units	% Total		Income	# Units
Eff				20%	0
1	110	35.5%		30%	0
2	120	38.7%		40%	0
3	52	16.8%		50%	0
4	28	9.0%		60%	310
TOTAL	310	100.0%		70%	0
				80%	0
				MR	0
				TOTAL	310
				Average Income:	60.00%

Applicable Programs
4% Housing Tax Credits

PRO FORMA ASSUMPTIONS	
REVENUE GROWTH:	2.00%
EXPENSE GROWTH:	3.00%
HIGH COST ADJUSTMENT:	130%
APPLICABLE FRACTION:	100.00%
APP % - ACQUISITION:	
APP % - CONSTRUCTION:	4.00%
AVERAGE SF	1,006

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	Tenant Pd UA's (Verified)	Max Net Program Rent	Delta to Max Program	Rent per NRA	Net Rent per Unit		Total Monthly Rent	Total Monthly Rent	Rent per Unit	Rent per NRA	Delta to Max Program	Market Rent	Rent per NRA	TDHCA Savings to Market
TC60%	$1,417	110	1	1	742	$1,417	$76	$1,341	$0	$1.81	$1,341		$147,510	$137,500	$1,250	$1.68	($91)	$1,250	1.68	$0
TC60%	$1,701	120	2	2	1,015	$1,701	$98	$1,603	$0	$1.58	$1,603		$192,360	$179,280	$1,494	$1.47	($109)	$1,494	1.47	$0
TC60%	$1,965	52	3	2	1,274	$1,965	$120	$1,845	$0	$1.45	$1,845		$95,940	$89,492	$1,721	$1.35	($124)	$1,721	1.35	$0
TC60%	$2,193	28	4	2	1,509	$2,193	$142	$2,051	$0	$1.36	$2,051		$57,428	$53,536	$1,912	$1.27	($139)	$1,912	1.27	$0
TOTALS / AVERAGE		310			311,920				$0	$1.58	$1,591		$493,238	$459,808	$1,483	$1.47	($108)	$1,483	$1.47	$0
ANNUAL POTENTIAL GROSS RENT:													$5,918,856	$5,517,696						

PRO FORMA ANALYSIS & DEVELOPMENT COSTS

					TDHCA CC	TDHCA -Prior	% DIFF	APP - Orig	Owner CC	$ DIFF			
POTENTIAL GROSS RENT					$5,517,696	$4,601,040	7%	$4,601,040	$5,918,856	$401,160			
Secondary Income		Per Unit/Month		$15.00	$55,800	$74,400	-31%	$74,400	$38,700	($17,100)		$10.40	Per Unit Per Month
Other Income:	-						#DIV/0!	$0	$0	$0		$0.00	Per Unit Per Month
Other Income:	-						#DIV/0!	$0	$0	$0		$0.00	Per Unit Per Month
POTENTIAL GROSS INCOME					$5,573,496	$4,675,440	7%	$4,675,440	$5,957,556	$384,060			
Vacancy & Collection Loss		% of PGI		-7.5%	($418,012)	(350,658)	7%	(350,658)	(446,817)	($28,805)		-7.5%	% of PGI
EO/Non-Rental Units/Concessions					-	-	#DIV/0!	-	(480,000)	($480,000)			
EFFECTIVE GROSS INCOME					$5,155,484	$4,324,782	-2.42%	$4,324,782	$5,030,739	($124,745)			
EXPENSES		% of EGI	Per Unit	Per SF							Per SF	Per Unit	% of EGI
General & Administrative		3.10%	$516	$0.51	$159,912	$155,000	-51%	$155,000	$78,302	($81,610)	$0.25	$253	1.56%
Management		3.50%	$582	$0.58	$180,442	$151,367	-2%	$151,367	$176,076	($4,366)	$0.56	$568	3.50%
Payroll & Payroll Tax		7.96%	$1,324	$1.32	$410,481	$359,332	7%	$372,000	$440,040	$29,559	$1.41	$1,419	8.75%
Repairs & Maintenance		4.10%	$682	$0.68	$211,434	$186,000	-48%	$186,000	$110,801	($100,633)	$0.36	$357	2.20%
Electric/Gas		1.84%	$306	$0.30	$94,864	$89,058	-65%	$127,858	$33,600	($61,264)	$0.11	$108	0.67%
Water, Sewer, & Trash		7.14%	$1,187	$1.18	$368,061	$194,312	-32%	$151,142	$250,900	($117,161)	$0.80	$809	4.99%
Property Insurance		6.60%	$1,098	$1.09	$340,376	$109,172	9%	$109,172	$370,183	$29,807	$1.19	$1,194	7.36%
Property Tax	0%	0.00%	$0	$0.00	$0	$0	#DIV/0!	$0	$0	$0	$0.00	$0	0.00%
Reserve for Replacements		1.50%	$250	$0.25	$77,500	$77,500	0%	$77,500	$77,500	$0	$0.25	$250	1.54%
Cable TV		0.03%	$6	$0.01	$1,795	$0	0%	$0	$1,795	$0	$0.01	$6	0.04%
Supportive service contract fees		0.68%	$114	$0.11	$35,246	$25,000	0%	$25,000	$35,246	$0	$0.11	$114	0.70%
TDHCA Compliance fees		0.24%	$40	$0.04	$12,400	$12,400	0%	$12,400	$12,400	$0	$0.04	$40	0.25%
TDHCA Bond Administration Fees (TDHCA as Bond I		0.00%	$0	$0.00	$0	$10,000	#DIV/0!	$10,000	$0	$0	$0.00	$0	0.00%
Security		0.00%	$0	$0.00	$0	$0	#DIV/0!	$0	$0	$0	$0.00	$0	0.00%
Other		0.00%	$0	$0.00	$0	$0	#DIV/0!	$0	$0	$0	$0.00	$0	0.00%
TOTAL EXPENSES		36.71%	$6,105	$6.07	$1,892,512	$1,369,141	-16.2%	$1,377,439	$1,586,843	($305,669)	$5.09	$5,119	31.54%
NET OPERATING INCOME		63.29%	$10,526	$10.46	$3,262,972	$2,955,641	5.5%	$2,947,343	$3,443,896	$180,924	$11.04	$11,109	68.46%
DEBT													
First Lien: Citibank					$2,373,145	$2,415,268	0%	$2,415,268	$2,373,145	$0			
TOTAL DEBT SERVICE					$2,373,145	$2,415,268	0%	$2,415,268	$2,373,145	$0			
NET CASH FLOW					$889,827	$540,373	20%	$532,075	$1,070,751	$180,924			
AGGREGATE DEBT COVERAGE RATIO					1.37	1.22		1.22	1.45				
RECOMMENDED DEBT COVERAGE RATIO					1.37								
CONSTRUCTION COST		% of TOTAL	Per Unit	Per SF	TDHCA CC	TDHCA -Prior		APP - Orig	Owner CC		Per SF	Per Unit	% of TOTAL
Land Acquisition		3.78%	$9,676	$9.62	$2,999,529	$3,118,588	0%	$3,118,588	$2,999,529	$0	$10	$9,676	3.78%
Building Acquisition		0.00%	$0	$0.00	$0	$0	#DIV/0!	$0	$0	$0	$0	$0	0.00%
Closing costs & acq. legal fees		0.00%	$0	$0.00	$0	$77,965	#DIV/0!	$77,965	$0	$0	$0	$0	0.00%
Off-Sites		0.00%	$0	$0.00	$0	$1,061,691	#DIV/0!	$1,061,691	$0	$0	$0	$0	0.00%
Sitework		11.48%	$29,398	$29.22	$9,113,232	$4,552,689	4%	$4,552,689	$9,462,282	$349,050	$30	$30,523	11.92%
Site Amenities						$1,000,000		$1,000,000					
Other Construction Cost						$0	#DIV/0!	$0		$0			
Building Costs		43.89%	$112,348	$111.66	$34,827,830	$31,284,758	-1%	$33,464,311	$34,478,781	($349,049)	$111	$111,222	43.45%
Contingency						$2,353,935	#DIV/0!	$2,353,935		$0			
Contractor's Fees		5.93%	$15,180	$15.09	$4,705,873	$5,635,430	0%	$5,891,568	$4,705,873	$0	$15	$15,180	5.93%
Indirect Construction		8.30%	$21,236	$21.11	$6,583,200	$5,649,088	0%	$5,649,088	$6,583,200	$0	$21	$21,236	8.30%
Developer's Fees	15.00%	11.56%	$29,580	$29.40	$9,169,798	$8,426,329	0%	$8,654,725	$9,169,924	$126	$29	$29,580	11.56%
Financing		12.98%	$33,221	$33.02	$10,298,451	$8,625,324	0%	$8,625,324	$10,298,451	$0	$33	$33,221	12.98%
Reserves		2.09%	$5,345	$5.31	$1,656,925	$1,891,374	0%	$1,891,374	$1,656,925	$0	$5	$5,345	2.09%
TOTAL COST		100%	$255,983	$254	$79,354,838	$73,677,171	0%	$76,341,258	$79,354,965	$127	$254	$255,984	100%
Construction Cost Recap		**55.37%**	**$141,745**	**$140.87**	**$43,941,062**				**$43,941,063**		**$140.87**	**$141,745**	**55.37%**
SOURCES OF FUNDS										% TDC	RECOMMENDED		
First Lien: Citibank		59%	$151,371	$150	$46,925,000	$47,411,061	1%	$47,411,061	$46,925,000	59%	$46,925,000	Developer Fee Available	
Other:		0%	$0	$0	$0	$0	#DIV/0!	$0	$0	0%	0	$9,169,798	
HTC Equity: JP Morgan		41%	$105,051	$104	$32,565,727	$25,307,722	-24%	$25,351,502	$31,479,367	41%	32,565,727		
- Timing Adjuster		-1%	($3,505)	($3)	($1,086,414)	$0	#DIV/0!	$0	$0	-1%	(1,086,414)		
- GP and SLP Equity		0%	$0	$0	$100	$0	#DIV/0!	$0	$100	0%	100	% of Dev. Fee Deferred	
Deferred Developer Fee: ECG Wildhorse Develope		1%	$3,066	$3	$950,425	$3,622,473	74%	$3,578,693	$950,498	1%	950,425	10%	
Additional (Excess) Funds Req'd		0%	$0	$0	$0	($2,664,085)	100%	$2	$0	0%	0	15-Yr Cumulative Cash Flow	
TOTAL SOURCES					$79,354,838	$73,677,171	-8%	$76,341,258	$79,354,965	100%	$79,354,839	$18,595,660	

MULTIFAMILY COMPARATIVE ANALYSIS (continued)

Wildhorse Flats, Austin, # 20488

PROPOSED PAYMENT COMPUTATION

First Lien: Citibank	$46,925,000	Amort	420
Int Rate	3.64%	DCR	1.37

Other:	$0	Amort	0
Int Rate	0.00%	DCR	1.37

RECOMMENDED FINANCING STRUCTURE: TDHCA NOI

First Lien: Citibank	$2,373,145
Other:	0
TOTAL DEBT SERVICE	**$2,373,145**

First Lien: Citibank	$46,925,000	Amort	420
Int Rate	3.64%	DCR	1.37

Other:	$0	Amort	0
Int Rate	0.00%	Aggregate DCR	1.37

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	$5,155,484	$5,258,593	$5,363,765	$5,471,041	$5,580,461	$6,161,280	$6,802,551	$7,510,566	$8,292,272	$9,155,339	$10,108,234	$11,160,307
LESS: TOTAL EXPENSES	1,892,512	1,947,483	2,004,067	2,062,311	$2,122,266	2,449,508	$2,827,749	3,264,995	3,770,515	4,355,042	5,031,001	5,812,782
NET OPERATING INCOME	**$3,262,972**	**$3,311,111**	**$3,359,699**	**$3,408,729**	**$3,458,196**	**$3,711,773**	**$3,974,803**	**$4,245,572**	**$4,521,757**	**$4,800,297**	**$5,077,233**	**$5,347,524**
LESS: DEBT SERVICE	2,373,145	2,373,145	2,373,145	2,373,145	2,373,145	2,373,145	2,373,145	2,373,145	2,373,145	2,373,145	2,373,145	2,373,145
NET CASH FLOW	**$889,827**	**$937,966**	**$986,554**	**$1,035,584**	**$1,085,051**	**$1,338,628**	**$1,601,658**	**$1,872,427**	**$2,148,612**	**$2,427,152**	**$2,704,088**	**$2,974,380**
CUMULATIVE NET CASH FLOW	$889,827	$1,827,793	$2,814,347	$3,849,931	$4,934,982	$11,116,910	$18,595,660	$27,413,577	$37,602,653	$49,181,112	$62,149,242	$76,484,377
DEFERRED DEVELOPER FEE BALANCE	$60,598	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
DCR ON UNDERWRITTEN DEBT (Must-Pay)	1.37	1.40	1.42	1.44	1.46	1.56	1.67	1.79	1.91	2.02	2.14	2.25
EXPENSE/EGI RATIO	36.71%	37.03%	37.36%	37.70%	38.03%	39.76%	41.57%	43.47%	45.47%	47.57%	49.77%	52.08%

HTC ALLOCATION ANALYSIS - Wildhorse Flats, Austin, # 20488

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	$2,999,529	$2,999,529				
Purchase of buildings	$0	$0				
Closing costs & Acq. Legal Fees	$0	$0				
Off-Site Improvements	$0	$0				
Sitework	$9,462,282	$9,113,232			$9,010,362	$8,661,312
Building Costs	$34,478,781	$34,827,830			$34,478,781	$34,827,830
Contingency	$0	$0				
Contractor's Fees	$4,705,873	$4,705,873			$4,705,873	$4,705,873
Indirect Construction	$6,583,200	$6,583,200	$0	$0	$6,014,972	$6,014,972
Interim Financing	$10,298,451	$10,298,451	$0	$0	$6,470,076	$6,470,076
Developer Fees						
Developer Fees	$9,169,924	$9,169,798	$0	$0	$9,102,010	$9,102,010
Development Reserves	$1,656,925	$1,656,925				
TOTAL DEVELOPMENT COSTS	$79,354,965	$79,354,838	$0	$0	$69,782,074	$69,782,073

Deduct from Basis:						
Describe:						
Describe:						
Describe:						
Describe:						
Describe:						
TOTAL ELIGIBLE BASIS			$0	$0	$69,782,074	$69,782,073
High Cost Area Adjustment					130%	130%
TOTAL ADJUSTED BASIS			$0	$0	$90,716,696	$90,716,695
Applicable Fraction			100%	100%	100%	100%
TOTAL QUALIFIED BASIS			$0	$0	$90,716,696	$90,716,695
Applicable Percentage			0.00%	0.00%	4.00%	4.00%
TOTAL AMOUNT OF TAX CREDITS			$0	$0	$3,628,668	$3,628,668
	Syndication Rate	**0.8999**	**$0**	**$0**	**$32,654,744**	**$32,654,744**

Total Tax Credits (Eligible Basis Method)	**$3,628,668**
Syndication Proceeds	**$32,654,744**
Approved Tax Credits	**$3,628,674**
Syndication Proceeds	**$32,654,800**
Requested Tax Credits	**$3,628,674**
Syndication Proceeds	**$32,654,800**
Gap of Syndication Proceeds Needed	**$33,516,153**
Total Tax Credits (Gap Method)	**$3,724,389**
Recommended Tax Credits	**3,628,668**
Syndication Proceeds	**$32,654,746**

September 25, 2025

Rosalio Banuelos
Texas Department of Housing and Community Affairs
221 E. 11th Street
Austin, Texas 78701

Subject: Explanation of Increased Credit Amount

Dear Rosalio,

On behalf of the ownership team, we would like to address the recent request regarding the increased amount of tax credits for the Wildhorse Flats development.

The increase in credits is driven by two primary factors:

1. **Change in the applicable credit rate.** At the time the project was originally underwritten, the credit rate was assumed to be 3.23%, reflecting the prevailing conditions and guidance available. However, the Consolidated Appropriations Act of 2021 amended Internal Revenue Code (IRC) Section 42(b) to establish a minimum 4% credit rate for qualifying Low-Income Housing Tax Credit (LIHTC) projects. As a result, the applicable rate for this project has been locked at 4%.

2. **Increased eligible basis.** During the course of development, overall project costs increased, resulting in a higher qualified basis than originally projected. These costs were necessary to complete the project in compliance with program requirements and ensure the long-term quality and viability of the property.

The combined effect of these changes results in the following adjustments:

	Original (3.23%)	**Revised (4.00%)**
Eligible Basis	$66,352,890	$69,782,200
Annual Credit Allocation	$ 2,781,346	$ 3,628,674
10-Year Total Credits	$27,813,460	$36,286,740

To provide clarity on the increased eligible basis, the table below details the variance in total eligible costs:

Cost Category	Original Estimate	Final Cost	Variance
Hard Costs	47,262,503	48,217,568	955,065
Soft Costs	5,549,088	6,007,180	458,092
Developer Fee	8,654,725	9,102,136	447,411
Financing	4,886,574	6,455,316	1,568,742
Total Eligible Basis	66,352,890	69,782,200	3,429,310

These adjustments reflect a combination of statutory changes to the LIHTC program and the actual cost profile of the completed development. Together, they strengthen the project's financial position and ensure its long-term sustainability.

We appreciate your partnership and continued support as we move toward finalizing the 8609 process. Please let us know if you require any further information or documentation to confirm this increase.

Sincerely,

C. Hunter Nelson
Managing Member
ECG Wildhorse SLP, LLC

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 26-002 **Agenda Date:** 10/9/2025 **Agenda #:** 6.

Presentation, discussion, and possible action on Resolution No. 26-002 authorizing request to the Texas Bond Review Board for annual waiver of Single Family Mortgage Revenue Bond set-aside requirements; authorizing the execution of documents and instruments relating thereto; making certain findings and determinations in connection therewith; and containing other provisions relating to the subject

RECOMMENDED ACTION

Adopt attached resolution.

BACKGROUND

Tex. Gov't Code §2306.142(l) requires that, beginning on September 1, 2002, and in each subsequent State fiscal year, the Department allocate, through set-aside or reservation of funds, not less than 40% of the total single-family mortgage revenue bond loan volume for mortgage loans, including subprime mortgage loans, to be originated in underserved economic and geographic submarkets in the state. Pursuant to Tex. Gov't Code §2306.142(m), the Department has requested and the Texas Bond Review Board (BRB) has granted, a waiver of the requirements of Tex. Gov't Code §2306.142(l) (the Waiver) for all single family mortgage revenue bonds issued by the Department since 2002. While previously requested and received on an issue-by-issue basis, since July 20, 2017, BRB has granted Waivers to the Department on a calendar year basis. With each Waiver request, the Department includes a report (the Report) prepared by the Department's Financial Advisor, CSG.

Exhibit A to the attached resolution is the Report prepared by CSG, dated September 29, 2025, which concludes that compliance with the requirements of Tex. Gov't Code §2306.142(l) remains unfeasible and could damage the financial condition of the Department. Staff requests that the Board accept this Report and authorize the submission of a request to BRB for a Waiver for all single family mortgage revenue bonds issued by the Department in calendar year 2026.

The annual Waiver also allows single family mortgage revenue bonds issued by the Department to qualify as exempt from formal approval by BRB, as these bonds are self-supporting revenue security issues that have no general revenue impact to the state. Exemption from formal approval may result in faster approval, but pursuant to 34 TAC §181.9(d), one or more members of the BRB can, within six business days of receipt of an issue for approval, provide a written request that the proposed issuance adhere to the formal approval process.

RESOLUTION NO. 26-002

RESOLUTION AUTHORIZING REQUEST TO TEXAS BOND REVIEW BOARD FOR ANNUAL WAIVER OF SINGLE-FAMILY MORTGAGE REVENUE BOND SET-ASIDE REQUIREMENTS; AUTHORIZING THE EXECUTION OF DOCUMENTS AND INSTRUMENTS RELATING THERETO; MAKING CERTAIN FINDINGS AND DETERMINATIONS IN CONNECTION THEREWITH; 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 (the "Act"), as amended from time to time, for the purpose of providing a means of financing the costs of residential ownership, development and rehabilitation that will provide decent, safe and sanitary housing for individuals and families of low and very low income and families of moderate income (as described in the Act as determined by the Governing Board of the Department (the "Board") from time to time) at prices they can afford; and

WHEREAS, the Act authorizes the Department: (a) to acquire, and to enter into advance commitments to acquire, mortgage loans (including participations therein) secured by mortgages on residential housing in the State of Texas (the "State"); (b) 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 (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 mortgage loans or participations therein, and to mortgage, pledge or grant security interests in such mortgages, mortgage loans 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 2306.142 of the Act requires the Department to evaluate the feasibility of a single-family mortgage revenue bond program designed to meet the credit needs of the underserved economic and geographic submarkets of the State, including those submarkets served disproportionately by subprime lenders; and

WHEREAS, Section 2306.142(l) of the Act requires that, beginning on September 1, 2002, and in each subsequent State fiscal year, the Department allocate, through set-aside or reservation of funds, not less than 40 percent of the total single-family mortgage revenue bond loan volume for mortgage loans, including subprime mortgage loans, to be originated in underserved economic and geographic submarkets in the State (the "Section 2306.142(l) Requirements"); and

WHEREAS, Section 2306.142(m) of the Act provides that if the Board determines in any year that bonds intended to be issued to achieve the purposes of Section 2306.142 of the Act are unfeasible or would damage the financial condition of the Department, the Board may formally appeal to and request a waiver from the Texas Bond Review Board (the "Bond Review Board") of

the Section 2306.142(l) Requirements; and

WHEREAS, at the February 28, 2017 meeting, the Board was presented with a report of its financial advisor, George K. Baum & Company ("GKB") that addresses the feasibility and potential economic impact to the Department of fulfilling the Section 2306.142(l) Requirements (the "Initial Report"), which Report has been submitted to the Bond Review Board; and

WHEREAS, in reliance upon the Initial Report and by resolution No. 17-019 approved on May 25, 2017, the Board authorized submission of a request to the Bond Review Board for a waiver of the Section 2306.142(l) Requirements for all single-family mortgage revenue bonds issued by the Department in calendar year 2017, and the Bond Review Board granted such request on July 20, 2017 (the "2017 Waiver"); and

WHEREAS, for each succeeding calendar year following the 2017 Waiver, in reliance on an updated report of its financial advisor, the Board has authorized submission of a request to the Bond Review Board for a waiver of the Section 2306.142(l) Requirements for all single-family mortgage revenue bonds issued by the Department in such calendar year, and the Bond Review Board has granted each such request, including most recently on November 21, 2024, for the 2025 calendar year; and

WHEREAS, the Board desires to accept and rely on the updated report of CSG Advisors, as successor to GKB as financial advisor to the Department, dated [_____], 2025 (the "Updated Report"), regarding the Section 2306.142(l) Requirements attached hereto as Exhibit A; and

WHEREAS, in reliance on the Updated Report, the Board now desires to authorize submission to the Bond Review Board of a request for a waiver of the Section 2306.142(l) Requirements for all single-family mortgage revenue bonds issued by the Department in calendar year 2026;

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

ARTICLE 1

APPROVAL OF DOCUMENTS AND CERTAIN ACTIONS

Section 1.1 Acceptance of Updated Report. The Board hereby accepts the Updated Report.

Section 1.2 Request for Waiver of Section 2306.142(l) Requirements. In reliance on the Updated Report, the Board hereby determines, in accordance with Section 2306.142(m), that the Section 2306.142(l) Requirements are unfeasible or would damage the financial condition of the Department for calendar year 2026 and hereby approves and authorizes submission of a request for a waiver of the Section 2306.142(l) Requirements for all single-family mortgage revenue bonds issued by the Department in calendar year 2026.

Section 1.3 Execution and Delivery of 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 1.4 Authorized Representatives. The following persons are 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 Deputy Executive Director – Housing Finance 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.

Section 1.5 Ratifying Other Actions. All other actions taken or to be taken by the Executive Director and the Department's staff in connection in carrying out the purposes of this Resolution are hereby ratified and confirmed.

ARTICLE 2

GENERAL PROVISIONS

Section 2.1 Notice of Meeting. 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. This Resolution shall be in full force and effect from and upon its adoption.

PASSED AND APPROVED this 9th day of October, 2025.

Exhibit A

[*continues next page*]

CSG ADVISORS

41 Perimeter Center East, Suite 615
Atlanta, Georgia 30346
Telephone: (678) 319-1911

Atlanta • Los Angeles • New York • San Francisco

September 29, 2025

Executive Director and Board of Directors
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78701

At the request of Department staff, CSG Advisors ("CSG") prepared this report to address certain provisions of the Texas Government Code, Title 10, Subtitle G, Chapter 2306, specifically the feasibility and potential economic impact to the Department of complying with Section 2306.142(l). As noted below, we are not providing the Department with any legal advice. We are retained by the Department in an expert financial capacity only. For legal analysis of Texas Government Code, Title 10, Subtitle G, Chapter 2306, or any other applicable law or regulation, please contact your legal counsel.

This report updates and reiterates the findings and determinations of the Department's previous Financial Advisor, Stifel, Nicolaus & Company ("Stifel"), Stifel's annual reports to the Board from 2017 through 2023 (the "Prior Reports") and provides our analysis of feasibility and economic impact, as well as a summary of how the Department serves the credit needs of borrowers in underserved economic and geographic submarkets. We understand that the Department completed the market study required under Section 2306.142(c) in 2002. This report reconfirms the findings of the Prior Reports and concludes that compliance with the requirements of Section 2306.142(l) remains unfeasible and could damage the financial condition of the Department. This is consistent with the conclusion reached by the Bond Review Board ("BRB") in granting waivers to the Department since 2002.

Background

Section 2306.142(l) of the Texas Government Code requires that single family mortgage revenue bonds issued by the Department contain specific set-asides or reservations of funds for mortgage loans, including subprime mortgage loans, to be originated in underserved economic and geographic submarkets in the state. Specifically, Section 2306.142(l) states:

In the state fiscal year beginning on September 1, 2002, and in each subsequent state fiscal year, the department shall allocate not less than 40 percent of the total single-family mortgage revenue bond loan volume to meet the credit needs of borrowers in underserved economic and geographic submarkets in the state, subject to the identification of a satisfactory market volume demand through the market study.

As permitted under Section 2306.142(m) the Department has requested and received from the BRB a waiver of this provision for every new origination single family mortgage revenue bond issue closed by the Department since 2002. The BRB began issuing annual waivers based, in part, on the Board's acceptance, approval, and submission of the Financial Advisor's report. These waivers were granted on the basis that compliance with Section 2306.142(l) is unfeasible and could damage the financial condition of the Department.

Feasibility and Economic Impact

Under current market conditions, fulfilling the requirements of Section 2306.142(l) (specifically allocating or reserving any portion of the bond proceeds) is not feasible, not economically viable, would not be "consistent with the reasonable financial operation of the Department", and could damage the financial condition of the Department. Further, it is anticipated and assumed that, due to the financing structures implemented by the Department, the Department will continue to request an annual waiver from BRB of the requirements of Section 2306.142(l).

Compliance with the 40% set aside requirement of Section 2306.142(l), which includes the subprime requirement of Section 2306.142(f), is not feasible and could damage the financial condition of the Department for the following reasons:

1) Single family indentures require "MBS eligible" loans. The Department has not used "whole loan" collateral to support its indentures since 1988. The Department currently pools all mortgage loans into mortgage-backed securities ("MBS") backed by Ginnie Mae, Fannie Mae, or Freddie Mac, which effectively guarantees the timely receipt of underlying mortgage loan payments to meet the debt service requirements of the Department's indentures. This financing structure results in a higher rating on the bonds and a lower cost of debt, while the Department pledges fewer assets to the bond indenture than otherwise would be required. In addition, the MBS structure eliminates (i) the cost of overcollateralization, (ii) the need to fund debt service reserves, (iii) the costs, expenses, and losses typically associated with whole loans, and (iv) provides the Department with additional methods of funding its production.

Each agency (Ginnie Mae, Fannie Mae, and Freddie Mac) has specific mortgagor eligibility requirements for mortgage loans that are securitized into an MBS. While the definition of subprime has changed over time (particularly since the events of 2008), subprime loans generally are not eligible for securitization. As such, the Department would have to maintain and carry those loans as whole loans. As detailed in the previous paragraph, there are significant economic reasons for the Department to maintain its MBS financing structure as it allows the Department to assist the maximum amount of low- and moderate-income homebuyers in the most efficient manner without incurring unnecessary credit risk. The cost of foregoing these efficiencies to accommodate the introduction of a significant number of low rated whole loans would be impractical and could damage the financial condition of the Department.

2) Master Servicers have minimum credit requirements. The Department uses a Master Servicer to purchase, pool, and service mortgage loans originated through its single-family mortgage programs. The Master Servicer typically has minimum credit requirements for eligible borrowers. The Department's Master Servicer, The Money Source ("TMS"), has a minimum FICO score requirement of 620. Therefore, the Department cannot originate loans for credits below 620 FICO due to the Master Servicer's credit requirements.

3) The 40% set-aside requirement creates significant interest rate risk in the form of rate buy-down and/or unexpended proceeds call risk. Because the bond rate is set at closing, the Department is subject to interest rate risk on set-aside amounts. If the market interest rate for mortgage loans drops, the Department's mortgage rate may be unattractive. For short periods of time or for relatively small amounts, this is manageable; however, a 40% set-aside could be quite costly. The Department would be faced with a choice: a) contribute its own funds to "buy down" the mortgage rate, or b) invoke a non-origination call on the bonds, potentially damaging the Department's reputation among bond purchasers and possibly increasing its borrowing cost in

the future. Once again, compliance with Section 2306.142(l) is not feasible and could damage the financial condition of the Department.

4) Excessive cost of negative arbitrage to meet the 40% set aside requirement. Negative arbitrage is the cost that results when the interest rate paid on the bonds exceeds the interest rate earned on bond proceeds. When bond proceeds are required to be set aside, the required amount is deposited and invested until used; concurrently, the bonds accrue and pay interest at a higher rate than that earned on the set-aside amounts. While a small amount of negative arbitrage might be absorbed by a financing structure, the amount of negative arbitrage associated with setting aside 40% of the bond proceeds would be cost prohibitive.

However, a financing structure with no set-aside requirements can, and has been, implemented by the Department resulting in significant savings related to negative arbitrage. When the requirements of Section 2306.142(l) are waived, the Department is able to originate and pool mortgage loans in advance of the bond issuance and can purchase the resulting MBS using bond proceeds at the closing of the bond issue. This eliminates negative arbitrage associated with that portion of loans purchased when the bonds are issued.

Serving the Needs of Borrowers in Underserved Economic and Geographic Submarkets

The Department regularly serves borrowers in underserved economic and geographic submarkets. Through both bond programs and its "to-be-announced" (or TBA) program, also known as the Taxable Mortgage Program ("TMP-79"), the Department offers daily financing options to homebuyers throughout the State. TMP-79, which began in October 2012, is a continuous funding program that currently serves as the Department's primary mortgage loan origination mechanism for single family programs. Summary highlights of TMP-79 include the following:

- TMP-79 is currently the only statewide down payment assistance program that offers financing to borrowers with FICO scores as low as 620 without charging a penalty at loan closing (considered by the industry to be non-prime).

- Since October 2012, the Department has financed and purchased over $13.3 billion in first lien mortgage loans and provided over $485 million in associated down payment and closing cost assistance (in the form of a 30-year term, 0% interest, due on sale or refinance, second mortgage loans). Of the $13.3 billion approximately 45% or $6 billion of those loans went to borrowers with FICO scores under 660 (as of August 31, 2025.)

- Approximately 73% of program borrowers earn less than 80% of Area Median Income ("AMI").

- The Department is responsible for the Texas Statewide Homebuyer Education Program, which is offered through third party providers. This program provides training to Texas Homebuyers providing comprehensive pre- and post-purchase homebuyer education and/or counseling that is used to provide quality homebuyer education throughout the state and is one of the requirements for participation in one of the Department's single family loan programs.

Based on the costs and risks described above, and consistent with the conclusion reached by the Bond Review Board ("BRB") in granting waivers to the Department since 2002, we believe that meeting the requirements of Section 2306.142(l) remains unfeasible.

The Department, however, continues to achieve its objectives by adapting and innovatively structuring its programs to serve an ever-expanding borrower base of Texas homebuyers in underserved markets – economic, credit, geographic, or otherwise. The Department's use of MBS to secure its bonds programs significantly reduces the Department's risk and borrowing cost. Therefore, the Department expects to continue to request an annual waiver of Section 2306.142(l) from BRB each calendar year. The Department will continue to monitor its ability to meet these requirements as it looks for ways to better serve its borrower base, which is composed primarily of low, very low-, and moderate-income first-time homebuyers. The Department also will maintain the integrity of its bond indentures and operate in a manner that is "consistent with the reasonable financial operation of the Department".

Use of the Report

It is expressly understood and agreed that (a) this report is provided solely for the information of and assistance to the Texas Department of Housing and Community Affairs and the Texas Bond Review Board and is not to be used, circulated, quoted or otherwise referred to without our written consent, and (b) this report is not intended, and is not under any circumstances to be construed, as legal advice or as requiring us to perform services which may constitute the practice of law. We are retained and engaged by the Department in an expert financial capacity only. Our statements and conclusions are based in part on information provided to us by Department staff, and we assume that information to be materially complete, accurate and true. We have not undertaken any responsibility or duty to independently verify that information, and this report is not intended to and does not attest that such information is materially complete, accurate or true.

Sincerely,

David Jones

CFO, Principal

CSG Advisors

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1160 **Agenda Date:** 10/9/2025 **Agenda #:** 7.

Presentation, discussion, and possible action regarding an award from the 2024 HOME American Rescue Plan Non-Congregate Shelter Invitation to Apply for The Other Ones Foundation

RECOMMENDED ACTION

WHEREAS, the HOME American Rescue Plan (HOME-ARP) division entered into a contract with The Other Ones Foundation on April 26, 2024, for $3,224,229 in nonprofit capacity building/operating costs to support the organization while it prepared to apply for a HOME-ARP Non-Congregate Shelter (NCS) award;

WHEREAS, the Governing Board approved publication of the 2024 HOME-ARP Non-Congregate Shelter Invitation to Apply (ITA) on July 11, 2024, which made available $56,511,877 (later amended to $64,005,338) for the development of non-congregate shelters;

WHEREAS, The Other Ones Foundation submitted its application for NCS for Camp Esperanza II for $50,000,000 on December 30, 2024; and

WHEREAS, HOME-ARP staff has reviewed the Application and prepared an NCS Project Analysis and recommends award of $48,420,179 in HOME-ARP funding, which is the amount of HOME-ARP eligible costs;

NOW, therefore, it is hereby

RESOLVED, that the award of HOME-ARP NCS in this Board Action Request for up to $48,420,179 is hereby approved in the form presented at this meeting, subject to conditions as described within the NCS Project Analysis; and

FURTHER RESOLVED, that the Board's approval is conditioned upon satisfaction of all conditions of the NCS Project Analysis, and completion of any other reviews required to assure compliance with applicable rules and requirements and in accordance with the timeframe described further herein.

BACKGROUND

TDHCA was allocated $132,969,147 of funds from HUD under Section 3205 of the American Rescue Plan Act, which was later increased to $133,474,575 due to a HUD reallocation. HUD issued waivers and new activities from HOME annual funds into HOME-American Rescue Plan (HOME-ARP) in the Community Planning and Development Notice 21-10 and Appendix (HUD 21 -10). Per HUD CPD Notice 21-10, a non-congregate shelter (NCS) is 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. NCS must have, at minimum, units with a bathroom sink, toilet, bath and/or shower; smoke detector; carbon monoxide detector; and either unit kitchens/kitchenettes or a communal space with communal kitchens.

As reflected in its HOME-ARP Allocation Plan, as amended, NCS development funds will only be awarded to recipients who first receive the HOME-ARP nonprofit capacity building and operating funds (NCO). The NCO funds were initially targeted in areas that met criteria demonstrating need for at least a medium-scale (50 units) NCS.

In July 2023, the Department conditionally awarded The Other Ones Foundation (TOOF) NCO funds. After submission and review of the application, TOOF entered into a Contract for $3,224,229 in NCO funds that began in April 2024 for a three-year period.

In July 2024, the 2024 HOME-ARP NCS Invitation to Apply released $56,511,887 (later amended to $64,005,338) for NCS acquisition, construction, reconstruction, or rehabilitation of a medium to large scale HOME-ARP NCS. Occupants of the NCS would have to meet the definition of a HOME-ARP qualified population, which includes persons experiencing homelessness and other vulnerable populations.

For the 2024 HOME-ARP NCS ITA Initial Release, the maximum request was up to $50,000,000, and 100% of the HOME-ARP eligible costs. The loan structure provides interest as low as 0% and deferred forgivable or deferred interest and principal, for no more than 15 years, but not shorter than the Federal Restricted Use period. The Federal Restricted Use period for the NCS will be 15 years for new construction.

The NCS activity is based loosely on rental development rules, with many waivers and alternative requirements to account for the differences between development of a shelter and development of a rental property. For example, in a shelter there is no rental income. So, NCS applications need to show the availability of alternative sources of operating funds other than rental income. HOME-ARP funds are ineligible to be used for shelter operating per HUD CPD Notice 21-10. Therefore, the Applicant was required to submit a plan for securing non-HOME-ARP sources of operating funds such as private, local, state, or federal funding sufficient for any operating gap associated with the NCS.

Because of the waivers and lack of rental income, NCS projects are not underwritten in the same way that rental projects are. The size, structure, and income requirements for the NCS vary from rental projects so that many of the tests of traditional multifamily underwriting would not apply. In addition, shelters can also use different building techniques than general rental housing, such as tiny homes. Therefore, for the NCS Applicants, a Project Analysis is prepared rather than an underwriting report.

When possible, staff compared building and operating costs to permanent supportive housing developments (which may have smaller unit sizes, larger common areas, and higher operating costs than general population rental housing) and operating costs to existing emergency

shelters in the same location.

Based on the Project Analysis, staff is recommending approval of this HOME-ARP NCS activity.

App. ID	Application Name	Recommended HOME-ARP Award	Project Type	Source and Layering	City
25800	Camp Esperanza II	$48,420,179	New Construction	HOME-ARP	Austin

Application Number 25800: Camp Esperanza II

The Other Ones Foundation, nonprofit 501(c)(3), is the proposed owner of Camp Esperanza II, in Austin, Texas, which is proposed to be a new construction NCS. The address of the proposed construction is 626 Bastrop Highway, Austin, TX, on a parcel of land owned by the Texas Department of Transportation which will be leasing the land to Camp Esperanza II. The total cost of the proposed new construction is $49,462,512, down from the original $50,000,000 requested in HOME-ARP funds upon Application. The change in the amount was due to clarifications of scope of work. Upon review of the Application, staff identified up to $48,420,179 in HOME-ARP eligible costs, which is the recommended HOME-ARP award amount. The remaining funds in the amount of $1,042,333 will come from The Other Ones Foundation's owner contributions, with shelter operating costs anticipated from the City of Austin and private donations.

Description: Camp Esperanza II is a 325-unit new construction NCS with all units containing a bedroom and a bathroom. The location of Camp Esperanza II is adjacent to Camp Esperanza I, which consists of 200 tiny homes without individual bathrooms. The Esperanza I and II Community maintains low-barrier entry into services and utilizes person centered, strengths-based, trauma informed, and harm-reduction perspectives. Of the building costs for Esperanza II, about 58% is for the Headquarters building (which includes 100 NCS units), and about 42% are for tiny homes. The Headquarters will also include, but are not limited to multipurpose meeting rooms, centralized kitchen, cafeteria, Health and Wellness Center, laundry services, library, kitchen, and office space to support social services and site-based supportive services designed to hasten a person's exit from homelessness and transition into permanent long-term housing. The use of the Headquarters' amenities will be restricted for Esperanza II occupants.

Esperanza II proposes the construction of 225 tiny home NCS units, and 100 NCS units in the Headquarters building. The costs for each unit type vary but as reflected in the Project Analysis, costs fell within the anticipated range for each unit type based on staff assessment of other tiny homes and other supportive housing.

Camp Esperanza II will commit all 325 units for Qualified Populations (QPs) through the Federal Compliance Period. QPs include persons experiencing homelessness and other vulnerable populations. Because shelters are not able to charge rent, there will be no fees for the residents. The Other Ones Foundation will also be responsible for utilities.

Financing and Regulatory Terms: The $48,420,179 HOME-ARP Loan will be in first lien position with a 15-year term at 0% interest, and no amortization. If there is no non-compliance during this time period, this loan may be forgiven. The loan structure and details are located in Attachment A, Esperanza II NCS Project Analysis.

Operating sources were key to show financial feasibility for Esperanza II, as required in HUD CPD Notice 21-10. The City of Austin's Public Health Committee indicated at its April 28, 2025, meeting that operating support for Camp Esperanza II could be forthcoming, and confirmation of this commitment is a condition of the HOME-ARP NCS prior to loan closing, as indicated in the NCS Project Analysis. A letter of support was also submitted by the City of Austin's Homeless Strategy Office specifying operating amounts per unit.

Per HUD Notice 21-10, the Department was required to evaluate: (1) the appropriate skills and experience related to development of shelters or similar facilities, (2) prior experience operating shelters, (3) budget, timeline, and sources and uses, and (4) proposed operating budget, which if any gaps are identified includes a plan to secure additional private, local, state, or federal funding sufficient for successful operating of the project. These items and more were addressed in the Project Analysis.

Organizational Structure: The proposed borrower is The Other Ones Foundation, which includes principals as indicated in the organization chart included in the NCS Project Analysis.

Risks and Mitigation: As listed in the Project Analysis, the risks and mitigation are restated below:
In looking at the proposal for Esperanza II overall, staff has identified several risks of proceeding and has also provided comments on the potential mitigation of those risks.

- The amount of the HOME-ARP award for development of Esperanza II and the estimated operating costs are both quite significant as compared to the organization's current budget. The proposed award for Esperanza II's development ($48.4 million) is more than three times the current budget of the organization which was $14.9 million in fiscal year 2024. The annual operating budget for Esperanza II of $7.5 million will increase the overall yearly budget of The Other Ones Foundation by approximately 50%. Such large and rapid growth may post a risk if the organization's capacity is unable to adapt to that growth. There may also be a risk of cash flow shortages during construction, especially during the start of construction in which deposits and other startup costs arise.
    - TDHCA staff has worked to prepare The Other Ones Foundation through a HOME -ARP nonprofit capacity building/operating Contract of $3,224,229 which started April 26, 2024. As of July 2025, The Other Ones Foundation is 60% expended on the nonprofit Capacity building/operating Contract. The Other Ones Foundation has hired additional staff (especially in their accounting division, data entry, human resources and information technology division), rented office space, and managed a transition of leadership through the Contract.
    - Staff has modified the draw process for HOME-ARP NCS to allow for more draws

than is typically allowed for rental developments.

- If Esperanza II does not continue to operate as an emergency shelter during the Federal Compliance Period or if there is any other noncompliance with HUD regulations, then the full amount of the HOME-ARP loan would be due to be repaid by The Other Ones Foundation and the loan foreclosed upon. The loan amount is not forgiven yearly; it is forgiven at the end of the Federal Compliance Period. Foreclosure and repayment of funds from Esperanza II may also jeopardize The Other Ones Foundation's other programs, including Esperanza I, since The Other Ones Foundation is responsible for the entire amount of the repayment (e.g., no LLC or other entity was created to own the NCS). In the event of a foreclosure by TDHCA on the NCS buildings due to noncompliance, TDHCA would become the owner of the improvements on the parcel (e.g., the NCS buildings themselves). In this case, TDHCA would seek to identify an alternate nonprofit to take over the property, and TxDOT would need to agree to the new owner.
    - The initial support from the City of Austin's Public Health Committee and Homeless
      Strategy Office at the Meeting on April 28, 2025, shows understanding of the commitment level needed to support Esperanza II as one of the city-run emergency shelters. A challenge of this source is that from the meeting minutes shelter operators appear to be expected to raise funds from other sources, so the city can recapture some of the operating costs and redistribute to other shelters. However, the estimates in the pro forma in this project analysis do not show that the maximum amount from the City of Austin's Public Health Committee would be needed if The Other Ones Foundation's fundraising efforts result in higher than 2% increase per year.
- TDHCA is the major contributor of building funds at 97.9% of all costs.
    - While TDHCA is the largest contributor for building funds, City of Austin Public Health Committee may be providing operational costs over the 15-year Federal Use Period that are more than double the building funds from TDHCA.

Conditions: As listed in the Project Analysis, the conditions are restated below. If the conditions are not met within 12 months of Contract execution, then the award amount may be revised, or the award may be rescinded.

Conditions in the Contract. Throughout the Contract term, The Other Ones Foundation must meet the requirements in the Contract.

1. If the conditions prior to closing are not met within 12 months of Contract execution, then the award amount may be revised, or the award may be rescinded at staff's sole discretion.
2. If the Development Owner chooses to expand access to the Headquarters for general operations or persons not living at Esperanza II, a cost allocation plan must be submitted to the Department and determined to be reasonable for the access allowed. Any additional funds added to the Development to pay for the portion of the Headquarters with expanded access must be added to the Development by month 12 after loan closing, but no later than October 2027. The Contract and loan amount would be

reduced according to the funds added for the expanded usage.

3. During construction, to address the noise abatement requirements the Other Ones Foundation must incorporate structurally insulated panels (SIPs) into the wall assemblies of the new buildings similar to the existing, adjacent Esperanza NCS Community buildings. The panels will consist of an insulating, fire resistant (ASTM E119) foam core sandwiched between two structural facings. At the mid-construction physical inspection, The Other Ones Foundation must submit photographic evidence of the installation of the SIP, the spec sheets (product information) and both and owner and architect/engineer's certifications on their company letterhead verifying installation.
4. If Department review of Davis Bacon and Related Acts (DBRA) requirements results in required corrections, The Other One Foundation will make the requested corrections timely. If requested labor standard corrections (if any) are not made by the sixth draw, then funds will be held until the corrections on the previous draws have been made.

Conditions before Closing. Prior to closing the HOME-ARP NCS loan, The Other Ones Foundation will submit:

1. Updated application exhibits: Operating Expenses, Development Cost Schedule, Schedule of Sources, and documentation necessary to support any changes from previous review.
2. Substantially final construction contract between The Other Ones Foundation and its contractor with Schedule of Values.
3. Quotes from property insurers to support the estimated annual amount of insurance.
4. Development Owner must provide a Shelter Manual or other document that shows occupancy admission requirements that allows for access to HOME-ARP's Qualified Populations.
5. Development Owner shall provide to the Department before the Loan Closing Date, executed estoppel letters or certificates from each and every lienholder on the Property providing the current status of each prior loan, if other loans are included in the final financing.
6. Fidelity Bond Insurance and Payment and Performance Bond.
7. Environmental mitigation efforts including evidence of submission of the stormwater prevention plan submission to TCEQ.
8. Letter from an attorney confirming the tax code under which The Other Ones Foundation has a tax exemption on the improvements, including the percentage of the tax exemption.
9. Confirmation of any pending operating sources for at least a two-year period. Funding from any government entity must be approved by its governing body, inclusive of confirmed amounts and funding terms of operating expenses for Esperanza II will be required.
10. Confirmation that operating payment terms from the entity that will provide a majority of the operating funds will include the right to assign the operating contract to TDHCA in case of foreclosure or instrument in lieu of foreclosure.
11. Title Policy in the amount of the loan as TDHCA as an additional insured.
12. Prior to closing, The Other Ones Foundation may be asked to submit applicable

documentation to show that all legal, construction, and financial paperwork is complete.

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 terms of TDHCA funds may be warranted.

Recommendation: The HOME-ARP Division recommends an award of up to $48,420,179 in the form of a Deferred Forgivable HOME-ARP construction to permanent loan at 0% interest and a 15-year permanent term, dependent on The Other Ones Foundation meeting the conditions listed in the Project Analysis.

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Camp Esperanza II

Non-Congregate Shelter Project Analysis

October 2025

This Project Analysis provides a review of The Other Ones Foundation's Non-Congregate Shelter (NCS) Application for HOME-ARP funds for Camp Esperanza II. Per HUD Community Planning and Development (CPD) Notice 21-10, TDHCA is required to evaluate an Application for NCS by considering:

(1) the appropriate skills and experience related to development of shelters or similar facilities;
(2) prior experience operating shelters;
(3) budget, timeline, and sources and uses; and
(4) proposed operating budget which, if any gaps are identified, includes a plan to secure additional private, local, state, or federal funding sufficient for successful operating of the project.

Staff reviewed The Other Ones Foundation's experience developing and running an emergency shelter called Esperanza I (addressing items 1 and 2 above). In determining financial feasibility (addressing items 3 and 4 above), staff considered the development's hard and soft costs, construction sources, timeline, operating costs, and operating sources. Staff compared the costs proposed for Camp Esperanza II with permanent supportive housing (PSH) developments; such a comparison is a good proxy because PSH properties have smaller unit sizes, larger common areas, and higher operating costs than general population rental housing. Staff also evaluated the proposed shelter costs relative to existing emergency shelters in the same area. While this analysis includes financial considerations including identifying any gaps that would require additional assistance, the Project Analysis is not intended to be an underwriting report as would be prepare for a TDHCA rental application as this activity does not generate income.

Applicant Information

TDHCA Application Number	25800
Program	HOME-ARP NCS New Construction
Name of Development	Esperanza Community Phase II
Address/Location	626 Bastrop HWY, Austin, Texas, 78742
Population	HOME-ARP Qualified Population (persons experiencing homelessness and other vulnerable populations)
Key Principals/Sponsors	
The Other Ones Foundation Texas Department of Transportation (TxDOT)	
Funding Sources TDHCA City of Austin	

Experience Related to Development and Operations of Shelters

The Other Ones Foundation is a nonprofit 501(c)(3) that has operated in Austin, TX, since 2018 to help people experiencing homelessness. The Other Ones Foundation was born out of a desire to find new and innovative approaches to serving Austin's homeless community. Its origins involve extensive outreach, asking unhoused people what they felt was missing from the homelessness response system. The responses gave way to a Workforce First Program, which offers unhoused people an extremely low barrier opportunity to get a day's work.

A site at 780 S. Hwy 183 was originally established as a sanctioned encampment for homeless persons in November 2019 by the State of Texas, and it needed an administrator for operations and service provision. In August 2020, The Other Ones Foundation and the Texas Department of Transportation worked together to have The Other Ones Foundation as the site operator and develop the appropriate infrastructure for an emergency shelter, now known as the Esperanza Community.

The Other Ones Foundation, in partnership with a self-governing group of community members, began development of the Esperanza Community in June 2021, transforming the site into a shelter complex of 200 individual shelter units (100 units developed each in Phase 1 and 2), shaded gathering areas, hygiene facilities, and community space. Phase 1 of Esperanza I began with utility infrastructure installation in Spring 2022, followed by vertical construction of 100 climate-controlled cabins, sixteen restroom/shower structures, and two Quonset hut-style service facilities beginning in Fall 2022. This phase was completed by Fall 2023 at a total cost of $5,710,310. Of this, $3 million was funded by Travis County, while the remainder came from philanthropic support.

Esperanza I, Phase 1, faced some delays due to in-kind donations that created quality control and utility integration challenges. That experience directly informed The Other Ones Foundation's procurement workflows and strategic launch of Phase 2 of Esperanza I, which broke ground on September 13, 2024, with a total budget of $3,223,728. Phase 2 of Esperanza I included the construction of 100 additional cabins, hygiene facilities, a standalone vocational training center, a new community center, and flexible-use spaces on the existing Esperanza campus. Phase 2 of Esperanza I is expected to be completed in October 2025.

The Other Ones Foundation offers housing-focused case management, peer support services, community engagement interventions, and vocational services. The shelter provides clients with 24/7 access to their shelter units and hygiene facilities. It also offers on-site medical and psychiatric care through an established partnership with Community Care (one of the largest Federally Qualified Health Center systems in Texas that provides health care, including prescription drugs at reduced prices, to persons who are uninsured or underinsured) and utilizes the time clients spend in the program to increase their independent living skills, thereby improving housing retention. All The Other Ones Foundation staff receive training on trauma informed care and cultural competence, including specific training on the cultural nuances of the homeless population. The Other Ones Foundation provides language access through a language line and focuses on diverse hiring to ensure that staff are representative of those served.

Summary of the Proposed Project

The proposed Camp Esperanza II NCS project will be a new construction development on Travis County Central Appraisal District Public Improvement District #288440 (626 Bastrop Hwy). The project will have 325 NCS units, of which 225 units will be individual tiny homes (consisting of a bedroom and bathroom), and 100 units are similar to Single Resident Occupancy units in rental development which will be incorporated into a four-story Headquarters Structure that will also provide on-site amenities and services to the occupants of Esperanza II.

The Headquarters' first floor has storage, food prep, meal cooking, trash, pantry, cafeteria, security, electric maintenance, reception, restrooms, offices, library, laundry, and a Health, Wellness, and Fitness Center which will support both physical activity and visiting medical providers. The second and third floors also have offices, which will be used only for service delivery to Esperanza II residents – not general operations or for non-residents. The Other Ones Foundation states that the offices are needed for program leadership, private interactions with personnel and shelter occupants, volunteer coordination, and community partner access. The use of the Headquarters' amenities will be restricted for Esperanza II occupants and their guests if it is paid for with HOME-ARP funds as currently proposed; if The Other Ones Foundation wants to expand the population of those who may use those amenities, they may submit an alternative budget that reflects the non-exclusive portion of the common space to the Department by the earlier of twelve months after loan closing or October 31, 2027, reflecting how they will fund those costs no longer eligible for HOME-ARP funds. Additionally, this would likely involve a reduction to the total award amount, which cannot be done if the reimbursement of costs has already occurred.

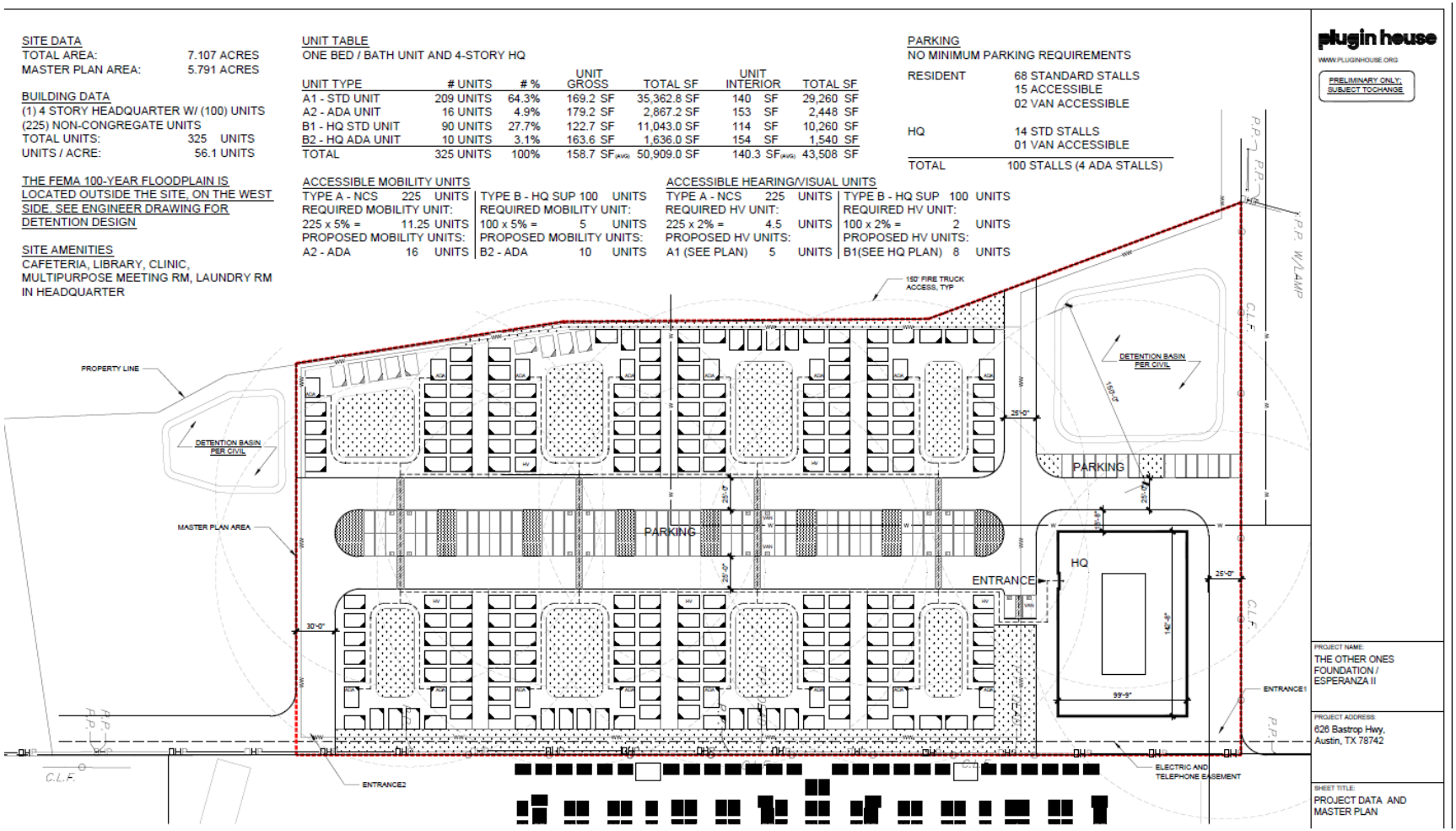
The land for the Esperanza II site is owned by TxDOT. The Other Ones Foundation is proposing to enter into a lease with TxDOT, which will be structured as a lease of the improvements for a minimum of 20 years, with an option to extend. Access to the Esperanza II site will be through an easement granted by TxDOT that runs through the existing Camp Esperanza I community's existing easement. The proposed easement for Esperanza II will be executed in conjunction with the execution of the lease with TxDOT.

Loan Summary and Funding Sources (Construction/Permanent Terms)

Financing Participants	Funding Source	Const. Loan/ Equity Amount	Const. Term	Const. Inter-est	Const. Lien Posi-tion	Perm Loan/Equity Amount	Perm. Inter-est	Perm. Amort-ization	Perm. Term	Perm Lien Posi-tion
TDHCA	HOME-ARP NCS	$48,420,179	36 (mos)	0%	1	$48,420,179	0%	n/a	15 (Yrs)	1
The Other Ones Foundation	Owner Equity	$1,042,333								
Total HOME ARP Project Budget*		$49,462,512								

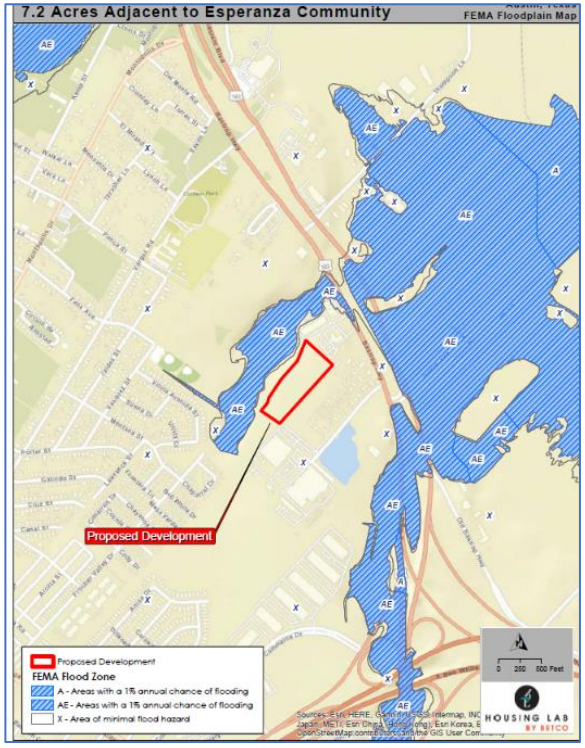
* Project budget was $50,000,000 at initial submission, and was lowered to the amount in the chart due to changes in scope of work and reallocating costs.

Site Plan

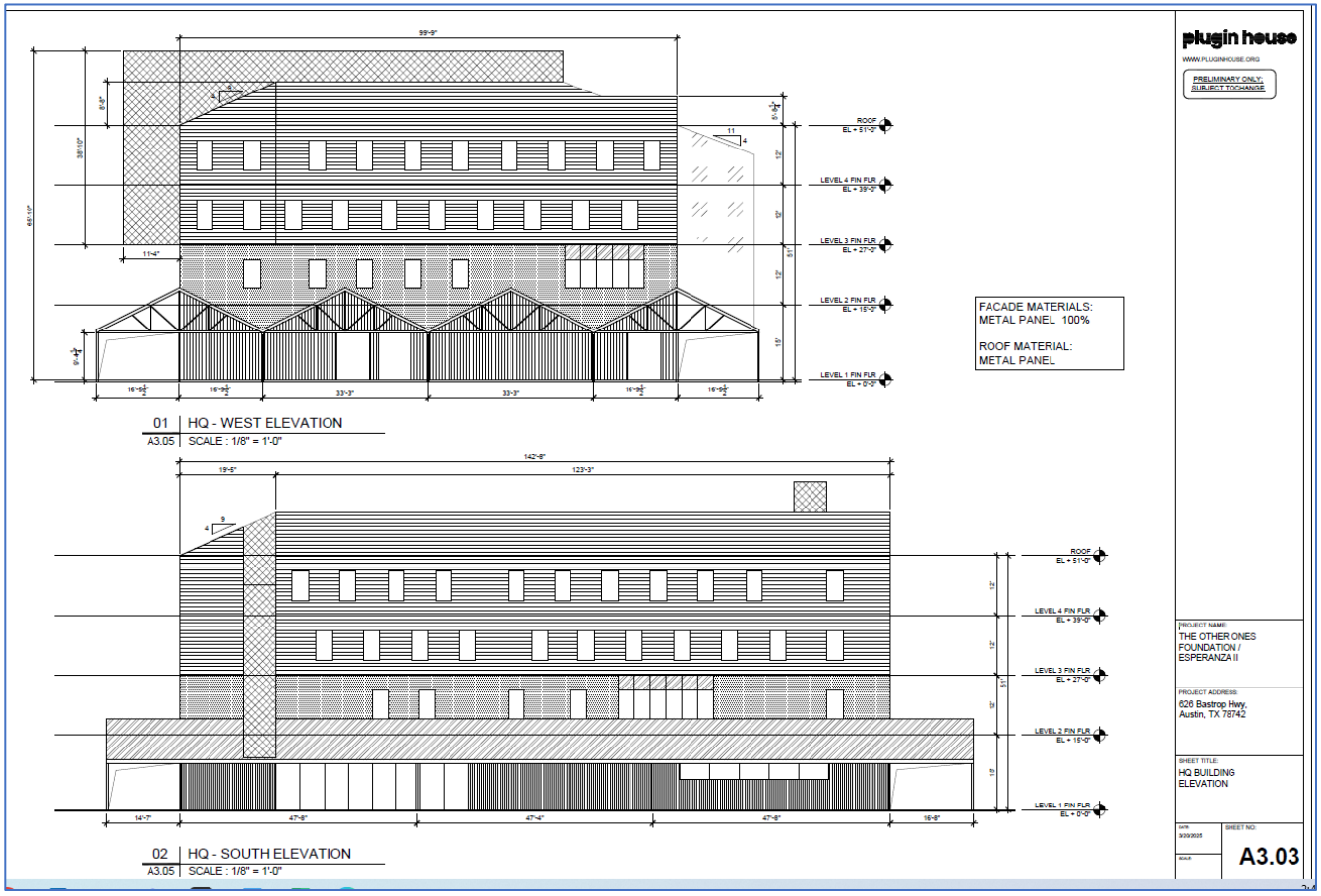


Footnote: The number of ADA parking stalls (e.g., van accessible stalls) is 3; the ADA stalls listed as 4 in the drawing is a typo. ADA parking spots are correctly listed at 15.

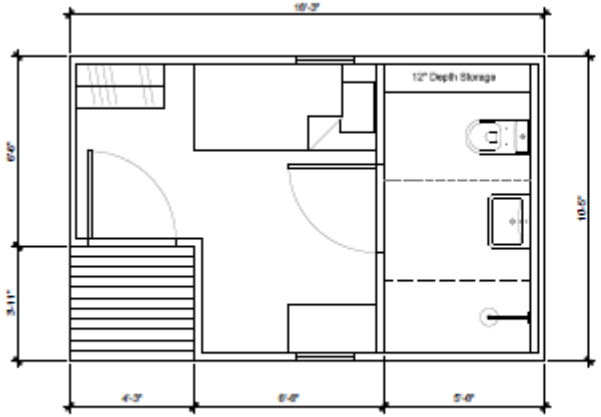
Site Location



Building Elevation

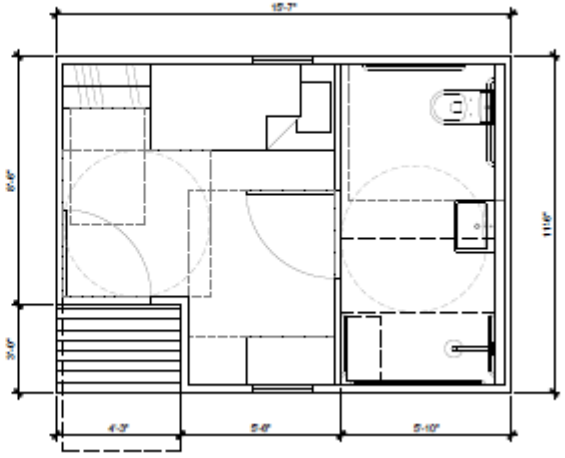


Tiny Home Unit Plan



01 | A1 - STANDARD UNIT PLAN
A2.01 | SCALE : 1/2" = 1'-0"

169.2 SF GROSS FLOOR AREA
140 SF INTERIOR FLOOR AREA



02 | A2 - ADA UNIT PLAN
A2.01 | SCALE : 1/2" = 1'-0"

179.2 SF GROSS FLOOR AREA
153 SF INTERIOR FLOOR AREA

UNIT AMENITIES:
(a) Install Energy Star-labeled ceiling fans in living areas and bedrooms.
(b) All appliances must be Energy Star-labeled.
(c) Install Energy Star-labeled lighting in all interior units.
(d) Install Energy Star-labeled ventilation equipment, including power-vented fans and bathroom fans.
(e) Structural insulated panel (energy efficient alternative construction material) for all unit walls.
(f) Installation of central air conditioning or heat pump equipment with a better Seasonal Energy Efficiency Rating (SEER) than that required by the energy code adopted under Section 388.003, Health and Safety Code.
(g) Covered entries
(h) Thirty year shingle roofing
(i) Closet in primary bedroom
(j) Private storage
(k) Covered patios

Headquarters Specifications and First Floor Drawing

HEADQUARTER SQUARE FOOTAGES

GROSS FLOOR AREA:	52,883 SF
INTERIOR SPACE:	50,265 SF
CONDITIONED SPACE:	46,514 SF
SUPPORTIVE HOUSING (INTERIOR):	
B1 - HQ STD UNIT (114 SF) x 90	10,260 SF
B2 - HQ ADA UNIT(154 SF) x 10	1,540 SF
TOTAL - 100 UNITS:	11,800 SF
COMMON AREA:	
TOTAL COMMON SPACE:	39,257 SF
COMMON SPACE PER UNIT:	120.8 SF/UNIT (TOTAL OF 325 UNITS)

FLOOR AREA BREAKDOWN TABLE

LEVEL 1

GROSS FLOOR AREA:	14,231 SF
COMMON AREA:	
RECEPTION	451 SF
MULTIPURPOSE MEETING RM	1,200 SF
CAFETERIA	3,923 SF
HEALTH, WELLNESS, FITNESS	1,356 SF
LAUNDRY RM	308 SF
LIBRARY	1,141 SF
ELEVATOR	246 SF
RESTROOM	499 SF
EXIT STAIRS*	738 SF
HALLWAY	298 SF
RESIDENT COMMON AREA:	10,160 SF
STAFF COMMON AREAS:	
OFFICE	780 SF
SECURITY	332 SF
KITCHEN	1,370 SF
PANTRY*	229 SF
TRASH RM*	385 SF
TOTAL STAFF SPACES:	3,096 SF
TOTAL COMMON AREA L1:	13,256 SF
IT/MECH/ELEC	527 SF
STORAGE*	448 SF

LEVEL 2

GROSS FLOOR AREA:	12,808 SF
STAFF COMMON AREAS:	
OFFICE	4,052 SF
MEETING RM	673 SF
MULTIPURPOSE RM	1,874 SF
BREAK RM	378 SF
ELEVATOR	225 SF
RESTROOM	689 SF
EXIT STAIRS*	478 SF
HALLWAY	3,588 SF
TOTAL COMMON AREA L2:	11,957 SF
SUPPORT SPACES:	
IT/MECH/ELEC	333 SF
STORAGE*	517 SF

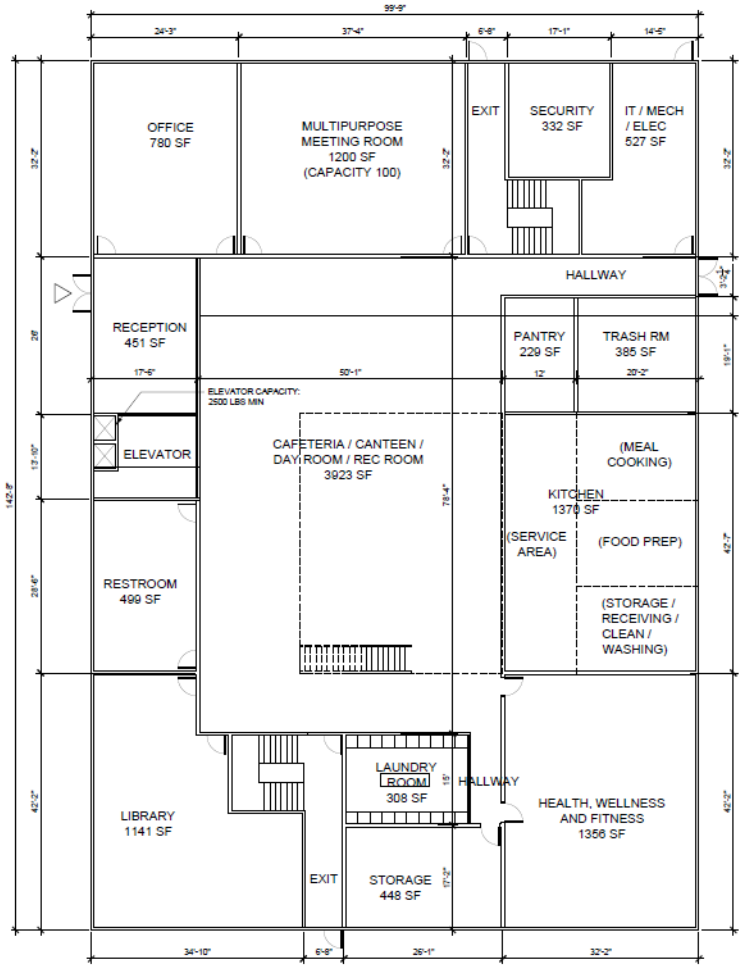
LEVEL 3

GROSS FLOOR AREA:	14,231 SF
SUPPORTIVE HOUSING:	
B1 - HQ STD UNIT (114 SF) x 45	5,130 SF
B2 - HQ ADA UNIT(154 SF) x 5	770 SF
TOTAL SUPPORTIVE HOUSING:	5,900 SF
RESIDENT COMMON AREA:	
ELEVATOR	180 SF
TERRACE*	2,618 SF
EXIT STAIRS*	478 SF
HALLWAY	3,442 SF
STAFF COMMON AREA:	
OFFICE	1,613 SF
TOTAL COMMON AREA L3:	8,331 SF

LEVEL 4

GROSS FLOOR AREA:	11,613 SF
SUPPORTIVE HOUSING:	
B1 - HQ STD UNIT (114 SF) x 45	5,130 SF
B2 - HQ ADA UNIT(154 SF) x 5	770 SF
TOTAL SUPPORTIVE HOUSING:	5,900 SF
RESIDENT COMMON AREA:	
ELEVATOR	180 SF
EXIT STAIRS	478 SF
HALLWAY	3,442 SF
STAFF SPACES:	
OFFICE	1,613 SF
TOTAL COMMON AREA L4:	5,713 SF

NOTE: * SPACES ARE NON-AIR-CONDITIONED; PROPER VENTILATION REQUIRED.



01 | HQ LEVEL 1 PLAN
A2.02 | SCALE : 1/8" = 1'-0"

N
Project N

plugin house
WWW.PLUGINHOUSE.ORG
PRELIMINARY ONLY; SUBJECT TOCHANGE

PROJECT NAME:
THE OTHER ONES FOUNDATION / ESPERANZA II

PROJECT ADDRESS:
626 Bastrop Hwy,
Austin, TX 78742

SHEET TITLE:
HQ BUILDING
LEVEL 1 FLOOR PLAN

DATE: 8/29/2025
SCALE:
SHEET NO:
A2.02

Building Configuration

	Headquarters	Unit Type A1	Unit Type A2	Totals
Building Type	1	1	1	3
Floors/Stories	4	1	1	n/a
Number of Buildings	1	209	16	225
Units per Building	100	1	1	n/a
Total Units	100	209	16	325
Avg. Unit Size (SF)	118	140	153	134
Total NRA (SF)	11,800	29,260	2,448	43,508
Common Area (SF)	39,705	n/a	n/a	39,705

The construction system for the tiny homes (Unit Types A1 and A2) are Cold Formed Steel Frame with life expectancy of 25 years. The wall and roof panels are Polyurethane Painted-Galvanized Metal Insulated. Exterior doors are steel sheet panel door. Windows are U-PVC windows with double-sided glass. The exterior walls, floor and roof have a life expectancy of 20 years.

The Headquarters is a traditionally built structure. All structures shall be constructed pursuant to the 2024 International Building Codes (2024-IBC) and/or the HOME-ARP NCS Property Standards. Because the subject parcel is owned by the Texas Department of Transportation it is not subject to the City of Austin local codes, or design and development regulations.

Site Control Summary

- Site Control: 7.107 acres
- Site Plan: 7.107 acres
- Control Type: Lease
- Grantor: Texas Department of Transportation (TxDOT)
- Grantee: The Other Ones Foundation
- Related-Party Seller/Identity of Interest: No

The Grantor, TxDOT, is the fee owner of a tract of real property located at 626 Bastrop Highway, Austin, Travis County, Texas. Grantor and Grantee entered into an option to lease agreement effective December 31, 2024. The Grantor is in the process of determining which lease option will work for both its own regulations as a state agency and to the meet the site control requirements of HUD for the HOME-ARP award. TxDOT has an active lease with The Other Ones Foundation for twenty (20) years on the parcel for Esperanza II which was approved by TxDOT's Transportation Commission on December 17, 2024. Note that TxDOT is using the development of this shelter as mitigation for some of its highway projects, and has a vested interest in the shelter continuing to operate. TxDOT has a tax exemption as a state agency. The Other Ones Foundation is in the process of providing evidence that they have a 100% tax exemption which would apply to the improvements of the property, which would be owned by the nonprofit. The documentation of tax exemption is a condition prior to closing.

Site Information

Flood Zone	Zone X	Scattered Site?	No
Zoning	Local Government Code 211.013(c)	Within 100-yr floodplain?	No
Re-zoning required?	No	Utilities at Site?	No
Year Constructed	n/a	Title Issues?	No

Highlights of Environmental Report

- Provider: Civil and Environmental Consultants, Inc. Lisa Mash
- Date: 12/13/2024
- Recognized Environmental Conditions (RECs) and Other Concerns:
    - Radon testing data was examined.
    - Noise assessment showed that future exterior noise levels are expected to be within the unacceptable day-night average sound level (Ldn) of 65-75 decibels for HUD projects. 25 db of noise attenuation must be provided per 24 CFR 51B. The mitigation plan consists of incorporating structurally insulated panels (SIPs) into wall assemblies of the new buildings similar to the existing Esperanza I Community. The panels will consist of an insulating, fire resistant (ASTM E119) foam core sandwiched between two structural facings.
    - Texas Council on Environmental Quality's (TCEQ) Construction Stormwater Prevention Permit will be required. The Other Ones Foundation will need to prepare a Construction Stormwater Pollution Prevention Plan to submit to TCEQ during construction.
    - Any removal of trees 8 inches or greater may require City of Austin permission to remove and possible replacement.
    - If historical structures or cultural materials are encountered during construction or disturbance activities, work should cease in the immediate area; work can continue where no historical structures or cultural materials are present. The Texas Historic Commission should be contacted to consult on further actions to protect the cultural resources.

Need Analysis

Per HUD Notice CPD-21-10, a market assessment is not required for HOME-ARP units for qualifying households. The Other Ones Foundation met the HOME-ARP alternate requirement relating to determining need by demonstrating unmet need among qualifying populations.

Timeline

The proposed construction timeline is 25-36 months, which is within the requirements of the HOME-ARP construction period per HUD CPD Notice 21-10 and the NCS Invitation to Apply.

Development Cost Analysis

Development	Cost	Cost per Unit
Land acquisition	$-	$-
Building Acquisition	$-	$-
Off-Site	$650,163	$2,001
Site Work	$3,785,671	$11,648
Site Amenities	$250,000	$769
Building Cost	$30,390,277	$93,509
Contingency	$2,409,816	$7,415
Contractor Fees	$5,248,030	$16,148
Soft Costs	$1,106,983	$3,406
Financing	$-	$-
Developer Fee	$5,621,572	$17,297
Reserves	$-	$-
Total	$49,462,512	$152,192

Development Highlights

- Of the total development costs, up to $48,420,179 is HOME-ARP eligible, consistent with the recommended amount of the HOME-ARP award.
- TxDOT's contribution is leasing the land; not the building itself.
- Esperanza II will meet or exceed ADA requirements, allowing for 26 mobility ADA units, and 13 Hearing/Visual ADA units. In addition, the architect has certified that all units will be visitable.
- The site will include 68 standard parking spaces 15 accessible spaces and 2 van spaces for the tiny homes, and for the headquarters building there will be 14 standard and 1 Van parking spaces, for a total of 100 parking spaces.
- The 2024 NCS ITA waived 10 TAC §13.3(e)(3) to allow certain amenities that are usually not allowed for rental projects if there was HUD approval or guidance to support them. The amenity that was approved with existing HUD guidance was fencing for the property totaling $250,000.
- The Other Ones Foundation has indicated that, at a later date, it may wish to expand access to the Headquarters beyond only Esperanza II residents; if this is the case, the costs become ineligible as HOME-ARP costs. This would require that The Other Ones Foundation provide an alternate source of funds. If the use of the Headquarters' is expanded to include general organizational operations or to serve individuals who are not part of Esperanza II, costs must be prorated to reflect the proportion attributable to use by Esperanza II occupants. Cost allocation is required when a project serves a broader purpose beyond the direct benefit of persons living at the property. The construction costs must be reasonably allocated across all funding sources. The cost allocation of the Headquarters along with timing of additional funds is listed as a condition of the Contract.

Sources and Uses

Cost Category	Cost	Source
HOME-ARP Eligible Costs (97.9% of total costs)	$48,420,179	HOME-ARP
Offsite Costs (HOME-ARP ineligible)	$650,163	The Other Ones Foundation
Furnishings, Furniture, Fixtures, Equipment	$150,000	The Other Ones Foundation
Contingency*	$38,984	The Other Ones Foundation
Soft Costs (1.7% HOME-ARP ineligible)	$203,186	The Other Ones Foundation
Total	$49,462,512	

*Approximately 98% of the contingency has been budgeted as HOME-ARP eligible based on a waiver by the Department's Executive Director of a limitation on this issue in the ITA.

Operating Cost Analysis

Operating Cost Summary

Operating Expense	Cost	Cost per unit
General and Administrative	$220,584	$679
Payroll, Payroll Taxes, Employee Benefits	$3,639,250	$11,198
Repairs and Maintenance	$614,251	$1,890
Utilities Total*	$619,886	$1,907
Property Taxes	$-	$-
Property Insurance**	$17,883	$55
Reserve replacements	$249,925	$769
Other: Food	$1,779,375	$5,475
Other: Services providing work opportunities at the shelter	$547,500	$1,685
Total Yearly Operating	$7,688,634	$23,657

*TDHCA increased water costs from $62,086 yearly to $184,702 yearly, resulting in increase in utilities from $497,250 to $619,886 because the original water estimate was based on Esperanza I which does not have bathrooms in individual units or a commercial kitchen. The new water estimate is based on the average water costs of HOME-ARP supportive housing developments in Austin (page 14.)

**The Property Insurance cost appears approximately 60% lower than Austin supportive housing rentals when adjusting for size. It is unknown if the insurance for a shelter would be less than for rental developments. A condition prior to closing is that The Other Ones Foundation provide quotes documenting the estimated property insurance, and a resubmitted budget reflecting the costs.

Because this is a shelter, no rent nor utilities would be charged. Because HOME-ARP is not permitted to be used to cover operating costs, all operating expenses will be covered by external sources.

Operating Cost Highlights:

- The Other Ones Foundation, not residents, will pay for all utilities.
- While TxDOT has 100% tax exemption for the land, the 100% tax exemption of the improvements on the land is pending. Confirmation of the tax-exempt status for The Other Ones Foundation is listed as a condition prior to loan closing.
- The Other Ones Foundation plans to lease the land for Esperanza II from TxDOT for $12 per year.
- There is no debt service in the annual operating expenses because the HOME-ARP loan is not repayable and will be forgiven at the end of the 15-year federal affordability period.
- The work opportunities at the shelter are costs to run two programs by The Other Ones Foundation for NCS residents: Workforce First and Magnolia Services, junk removal and light demolition services. Both are described as programs that employ persons currently or formerly experiencing homelessness.
- The annual operating budget for Esperanza II will increase the annual overall budget of The Other Ones Foundation by approximately 50% (fiscal year 2024 budget shows $14.97M in expenses). This significant growth is identified as a risk in the Risks and Risk Mitigation Section starting on page 17.

Operating Sources

Support for the operating expenses is generated from two primary sources: a letter of support from the City of Austin Homeless Strategy Officer showing possible payment of $25,000-$34,159 per shelter unit, depending on Esperanza's program and service, and The Other Ones Foundation. The letter from the City of Austin's Homeless Strategy Officer also referenced meeting minutes from the City of Austin Public Health Committee on April 28, 2025, which contained a presentation in which several emergency shelters including Esperanza II are part of an overall homeless strategy.

In the first few years of Esperanza II's operation anticipated opening in 2028, less than the $25,000 per unit from the City would be needed, especially if The Other One's Foundation's private philanthropy was available for operating expenses as discussed below. It should be noted that the City of Austin Public Health Committee meeting minutes also discussed their interest in the property having less reliance on the City of Austin as an operating source over time. However, the operating pro forma below provided by TOOF shows the opposite; they appear to rely on increasing support from the City of Austin over time to address inflation. One factor to offset this concern is that the annual operating budget starts with an operating cost estimate that is below the lowest amount offered by the City of Austin Public Health Committee. In addition, the operating budget does not show that the maximum City of Austin offer would be needed in any of the 15 years projected.

The Other Ones Foundation also included philanthropy /private fundraising as a major source of covering operating costs for Esperanza II. The projections for fundraising are supported by a detailed plan. However, the projections estimated are not substantiated at this time; no evidence of historical increases or a trending increase over several years has been shown. Projections between 2026 and 2027 alone estimates an increase of 28%. Therefore, only a portion of what The Other One's Foundation estimated as their philanthropic support was included in staff's estimated sources for annual operating expenses.

Alternatively, staff has assumed a philanthropy increase rate of 5% yearly, which appears in line with the projected growth between 2024 and 2025 submitted in The Other One's Foundation Feasibility Report. TDHCA staff is considering that 3% of philanthropy income will go to current costs for Esperanza I and general operating based on inflation of 3% per year. Of the 5% projected increase yearly, 2% could then be used for Esperanza II operating expenses starting in 2028 when the project is expected to be completed.

Staff also notes that the Other Ones Foundation originally submitted several operating sources that were proposed to come from awards of competitive grant applications. It is unknown whether The Other Ones Foundation would be a successful awardee of such funds and whether the sources could be used for shelter operations. While these sources were eventually removed as a source of operating costs because they were replaced with the City of Austin Public Health Committee support, it is important to note that if such funds were received it would allow for less reliance on the City of Austin Public Health Committee and Homeless Strategy Office than is shown in the charts in this document.

Because of the supporting documentation available, HOME-ARP considered the City of Austin support primarily for operating funds, relying only on private philanthropy of 2% increase over inflation. With this division of projected funding, the operating costs appear solvent over the next 15 years. The full operating budget with these sources is shown on the next page.

Operating Projections for Esperanza II

Years in Federal Restricted Use	1	2	3	4	5	6	7	8	9
Year	2027	2028	2029	2030	2031	2032	2033	2034	2035
Annual Operating*	$7,688,634	$7,919,293	$8,156,872	$8,401,578	$8,653,626	$8,913,235	$9,180,632	$9,456,051	$9,739,732
City of Austin Health and Human Services Committee Estimated Per Unit	$23,013	$23,530	$24,053	$24,583	$25,119	$25,661	$26,209	$26,762	$27,320
City of Austin Health and Human Services Commission Total	$7,479,319	$7,647,158	$7,817,206	$7,989,386	$8,163,615	$8,339,799	$8,517,831	$8,697,597	$8,878,967
The Other Ones Foundation Private Philanthropy	$209,315	$272,135	$339,666	$412,192	$490,010	$573,436	$662,800	$758,454	$860,765

Years in Federal Restricted Use	10	11	12	13	14	15	Total
Year	2036	2037	2038	2039	2040	2041	n/a
Annual Operating	$10,031,924	$10,332,882	$10,642,868	$10,962,154	$11,291,019	$11,629,749	$143,000,249
City of Austin Health and Human Services Committee Per Unit	$27,882	$28,449	$29,019	$29,592	$30,168	$30,744	n/a
City of Austin Health and Human Services Commission Total	$9,061,800	$9,245,942	$9,431,222	$9,617,455	$9,804,441	$9,991,959	$130,683,698
The Other Ones Foundation Private Philanthropy	$970,124	$1,086,940	$1,211,646	$1,344,699	$1,486,578	$1,637,791	$12,316,551

*Operating Projections increase 3% yearly for inflation.

** 2% growth estimate above inflation (3% yearly) starting from 2024.

Esperanza II Comparisons to Permanent Supportive Housing (PSH) Rental and Shelters Projects

Because resources relating to costs for developing shelters is limited, staff reviewed the NCS development costs in comparison to permanent supportive housing (PSH) developments in Austin. The PSH projects below were funded with HOME-ARP and were all awarded in the years 2023-2024. What helps to make these projects comparable to Esperanza II is that typically supportive housing projects have smaller unit sizes, larger community space and higher service costs than general rental housing. In addition, all of the projects below are all-bills paid, so the utility costs are better able to be compared.

While the total operating costs for the rental developments are lower than what The Other Ones Foundation estimates will be the case for Esperanza II, it is important to note the PSH projects are much smaller in total units. The Cost Per Unit is a more comparable figure to Esperanza II than the overall cost.

Esperanza II Development Costs compared to Supportive Housing

Project Name	Units	Development Cost	Development Cost Per Unit	Acquisition	Acquisition per Unit	Financing	Financing per Unit
Austin SH Rental 1	100	$24,134,956	$241,350	$2,990,513	$29,905	$1,387,903	$13,879
Austin SH Rental 2	120	$27,973,301	$233,111	$0	$0	$761,482	$6,346
Austin SH Rental 3	61	$18,395,519	$301,566	$2,905,592	$47,633	$697,759	$11,439
Esperanza II NCS	325	$49,462,512	$92,239 per tiny home/ $287,086 per shelter in Headquarters*	$0	$0	$0	$0

*The per unit development cost for Esperanza II can be divided into two calculations: one for 225 tiny homes and one for 100 shelter units in the Headquarters building. When applying the gross square footage percentage to the total cost of development, this is approximately $20,753,919 ($92,239 per tiny home unit), and $28,708,593 for the Headquarters with 100 units with common space office space on three of the floors at $287,086 per residential unit. Regarding tiny homes: staff found a large range of tiny home costs from $27k-$150k in Austin for just the structures, not the land or connections[1]. While tiny home costs were found in studies or online listings, they have not been physically confirmed or inspected.

[1] Tiny House Listings. (2025). https://tinyhouselistings.com/cities/Austin

Esperanza II Operating Costs compared to Supportive Housing

Project Name	Units	Yearly Operating Cost	Yearly Operating Per Unit	Replace-ment Reserves	Replacement Reserves per Unit	Payroll, Employee Benefits	Payroll, Employee Benefits/Unit	Make Ready	Make Ready per Unit
Austin SH Rental 1	100	$1,167,253	$11,673	$30,000	$300	$424,548	$4,245	$24,000	$240
Austin SH Rental 2	120	$1,068,325	$8,902	$30,000	$250	$471,157	$3,926	$8,000	$67
Austin SH Rental 3	61	$302,455	$4,958	$15,250	$250	$85,111	$1,395	$4,575	$75
Esperanza II NCS	325	$7,566,018	$23,280	$249,925	$769	$3,639,250	$11,198	$135,567	$417

Project Name	Units	Electric	Electric per Unit	Water	Water Per Unit
Austin SH Rental 1	100	$55,000	$550	$62,000	$620
Austin SH Rental 2	120	$62,000	$517	$86,000	$717
Austin SH Rental 3	61	$38,649	$634	$22,465	$368

Esperanza II Operating Comparisons to Emergency Shelters

The table below are emergency shelter operating costs from 2023 in Austin Texas.

Project Name	Fund Source	Shelter Type	Units	Operating Cost per Unit per Year
Northbridge Emergency Shelter	City of Austin Grants	Motel	125	$27,620[2]
Southbridge Emergency Shelter	City of Austin Grants	Motel	145	$27,620[3]
Marshalling Yard	City of Austin Grants	Emergency	150	$38,667[4]

[2] *Austin Public Health RFP-2023-010 City of Austin Bridge Shelters. Exhibit C Scope of Work. (2023)* https://www.austintexas.gov/sites/default/files/files/Health/Social%20Services/C%20-%20Scope%20of%20Work%20RFP%202023-10%20COA%20Bridge%20Shelters.pdf

[3] *Ibid.*

[4] Maxin, Ryan. Austin American Statesman. (2023, June 9). *Austin approves $5.8 million plan to reopen downtown Salvation Army homeless shelter for one year*. https://www.statesman.com/story/news/2023/06/09/salvation-army-austin-city-council-approves-plan-lease-reopen-downtown-homeless-shelter/70305506007/

Key Development Differences for NCS and Rental Development

- Esperanza II development costs per unit are less than rental housing for the tiny homes, but a more similar cost per unit for the residential units within the Headquarters building. Of the 325 units for Esperanza II, 225 are tiny homes and 100 shelter units are in the Headquarters. The Headquarters has many common area spaces including, but not limited to multipurpose room, laundry, library, kitchen, pantry, staff offices and storage.
- Esperanza II development costs per unit may also be lower than the SH projects because there are no acquisition or financing costs associated with the Application.

Key Operating Cost Differences for NCS and Rental Development

- Payroll, Payroll Taxes and Employee Benefits are higher than SH developments but appear in line or below staffing estimates for other Austin emergency shelters.
- The make-ready costs for Esperanza IIs NCS units are 42% higher than the highest amount of make ready for the PSH evaluated. (Make-ready is the term used for cleaning, repairing, and inspecting the unit so that it meets required standards before the next occupant moves in.) The Other Ones Foundation stated that the high make-ready costs were based on costs for Esperanza I, including "*paint, flooring, replacement costs of any bedding, AC/heating/hot plate (including replacing filters) and other materials, fixing clogged drains, etc.*" Of note, HUD's HOME-ARP regulations allow for the initial furniture for the NCS to be provided as an eligible cost, but replacement furniture is not an allowable HOME-ARP cost. If furniture/bedding does need to be replaced over time, this could be a substantial cost as illustrated in the make-ready estimates.
- The tiny homes have more than twice the replacement cost per year than the PSH units evaluated. When the higher replacement costs compared to PSH projects were questioned during the Application process, The Other Ones Foundation responded: "[We are] *estimating conservatively based around our experience with our current Esperanza project, as we have experienced substantial replacements needed on individual units. (Roof repairs, doors, windows, etc.) The NCS units have significantly higher exposure to the elements and therefore are not comparable to supportive housing developments."*
- Food is a major cost for Esperanza II (see page 11) and not included in PSH project operating expenses. None of the rental comparisons include food as a line item.
- Esperanza II has higher operating expenses for electricity (86%-90% higher) but lower operating expenses for water costs (93%-275% lower). Electrical costs may be higher because the tiny homes are each separate without shared walls or plumbing. The estimates in the operating expenses are based on Esperanza I costs, and Esperanza I does not have bathrooms in the 200 tiny homes currently built, so staff increased the water costs for this Project Analysis to the average of three HOME-ARP supportive housing development water estimates.

Risks and Risk Mitigation

In looking at the proposal for Esperanza II overall, staff has identified several risks of proceeding and has also provided comments on the potential mitigation of those risks.

- The amount of the HOME-ARP award for development of Esperanza II and the estimated operating costs are both quite significant as compared to the organization's current budget. The proposed award for Esperanza II's development ($48.4 million) is more than three times the current budget of the organization which was $14.9 million in fiscal year 2024. The annual operating budget for Esperanza II of $7.5 million will increase the overall yearly budget of The Other Ones Foundation by approximately 50%. Such large and rapid growth may post a risk if the organization's capacity is unable to adapt to that growth. There may also be a risk of cash flow shortages during construction, especially during the start of construction in which deposits and other startup costs arise.
    - TDHCA staff has worked to prepare The Other Ones Foundation through a HOME-ARP nonprofit capacity building/operating Contract of $3,224,229 which started April 26, 2024. As of July 2025, The Other Ones Foundation is 60% expended on the nonprofit Capacity building/operating Contract. The Other Ones Foundation has hired additional staff (especially in their accounting division, data entry, human resources and information technology division), rented office space, and managed a transition of leadership through the Contract.
    - Staff has modified the draw process for HOME-ARP NCS to allow for more draws than is typically allowed for rental developments.
- If Esperanza II does not continue to operate as an emergency shelter during the Federal Compliance Period or if there is any other noncompliance with HUD regulations, then the full amount of the HOME-ARP loan would be due to be repaid by The Other Ones Foundation and the loan foreclosed upon. The loan amount is not forgiven yearly; it is forgiven at the end of the Federal Compliance Period. Foreclosure and repayment of funds from Esperanza II may also jeopardize The Other Ones Foundation's other programs, including Esperanza I, since The Other Ones Foundation is responsible for the entire amount of the repayment (e.g., no LLC or other entity was created to own the NCS). In the event of a foreclosure by TDHCA on the NCS buildings due to noncompliance, TDHCA would become the owner of the improvements on the parcel (e.g., the NCS buildings themselves). In this case, TDHCA would seek to identify an alternate nonprofit to take over the property, and TxDOT would need to agree to the new owner.
    - The initial support from the City of Austin's Public Health Committee and Homeless Strategy Office at the Meeting on April 28, 2025, shows understanding of the commitment level needed to support Esperanza II as one of the city-run emergency shelters. A challenge of this source is that from the meeting minutes shelter operators appear to be expected to raise funds from other sources, so the city can recapture some of the operating costs and redistribute to other shelters. However, the estimates in the pro forma in this project analysis do not show that the maximum amount from the City of Austin's Public Health Committee would be needed if The Other Ones Foundation's fundraising efforts result in higher than 2% increase per year.
- TDHCA is the major contributor of building funds at 97.9% of all costs.

- While TDHCA is the largest contributor for building funds, City of Austin Public Health Committee may be providing operational costs over the 15-year Federal Use Period that are more than double the building funds from TDHCA.

Conditions

To address outstanding issues and to mitigate risk, the following conditions will be placed on the award.

Conditions in the Contract

Throughout the Contract term, The Other Ones Foundation must meet the requirements in the Contract.

1. If the conditions prior to closing are not met within 12 months of Contract execution, then the award amount may be revised, or the award may be rescinded at staff's sole discretion.
2. If the Development Owner chooses to expand access to the Headquarters for general operations or persons not living at Esperanza II, a cost allocation plan must be submitted to the Department and determined to be reasonable for the access allowed. Any additional funds added to the Development to pay for the portion of the Headquarters with expanded access must be added to the Development by month 12 after loan closing, but no later than October 2027. The Contract and loan amount would be reduced according to the funds added for the expanded usage.
3. During construction, to address the noise abatement requirements the Other Ones Foundation must incorporate structurally insulated panels (SIPs) into the wall assemblies of the new buildings similar to the existing, adjacent Esperanza NCS Community buildings. The panels will consist of an insulating, fire resistant (ASTM E119) foam core sandwiched between two structural facings. At the mid-construction physical inspection, The Other Ones Foundation must submit photographic evidence of the installation of the SIP, the spec sheets (product information) and both and owner and architect/engineer's certifications on their company letterhead verifying installation.
4. If Department review of Davis Bacon and Related Acts requirements results in required corrections, The Other One Foundation will make the requested corrections timely. If requested labor standard corrections (if any) are not made by the sixth draw, then funds will be held until the corrections on the previous draws have been made.

Conditions before Closing

Prior to closing the HOME-ARP NCS loan, The Other Ones Foundation will submit:

1. Updated application exhibits: Operating Expenses, Development Cost Schedule, Schedule of Sources, and documentation necessary to support any changes from previous review.
2. Substantially final construction contract between The Other Ones Foundation and its contractor with Schedule of Values.
3. Quotes from property insurers to support the estimated annual amount of insurance.
4. Development Owner must provide a Shelter Manual or other document that shows occupancy admission requirements that allows for access to HOME-ARP's Qualified Populations.
5. Development Owner shall provide to the Department before the Loan Closing Date, executed estoppel letters or certificates from each and every lienholder on the Property providing the current status of each prior loan, if other loans are included in the final financing.
6. Fidelity Bond Insurance and Payment and Performance Bond.
7. Environmental mitigation efforts including evidence of submission of the stormwater prevention plan submission to TCEQ.

8. Letter from an attorney confirming the tax code under which The Other Ones Foundation has a tax exemption on the improvements, including the percentage of the tax exemption.
9. Confirmation of any pending operating sources for at least a two-year period. Funding from any government entity must be approved by its governing body, inclusive of confirmed amounts and funding terms of operating expenses for Esperanza II will be required.
10. Confirmation that operating payment terms from the entity that will provide a majority of the operating funds will include the right to assign the operating contract to TDHCA in case of foreclosure or instrument in lieu of foreclosure.
11. Title Policy in the amount of the loan as TDHCA as an additional insured.
12. Prior to closing, The Other Ones Foundation may be asked to submit applicable documentation to show that all legal, construction, and financial paperwork is complete.

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 terms of TDHCA funds may be warranted.

Recommendation

HOME-ARP recommends an award of up to $48,420,179 in the form of a Deferred Forgivable HOME-ARP construction to permanent loan at 0% interest and a 15-year permanent term, dependent on The Other Ones Foundation meeting the conditions listed in this document.

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1172 **Agenda Date:** 10/9/2025 **Agenda #:** 8.

Presentation, discussion, and possible action on recommendation to debar Lionel Sims, Archie L. Jones, and Calvert Arms, Ltd. relating to Calvert Arms Apartments (HTC 92096 / CMTS 1064), and presentation of a related report to the Board regarding intention to issue a Notice of Violation seeking the assessment of administrative penalties through a contested case hearing with the State Office of Administrative Hearings

RECOMMENDED ACTION

WHEREAS, in 1992, Calvert Arms, Ltd. was awarded an allocation of Low Income Housing Tax Credits by the Board to build and operate Calvert Arms Apartments (HTC 92096 / CMTS 1064) (the Property);

WHEREAS, Lionel Sims and Archie L. Jones are the general partners for Calvert Arms. Ltd., and are therefore considered to be Responsible Parties, as defined by 10 TAC §2.102;

WHEREAS, 10 TAC §10.621 outlines monitoring requirements for property condition standards, including timelines for repairs;

WHEREAS, the TDHCA Compliance Division identified findings of noncompliance at the Property during a National Standards for the Physical Inspection of Real Estate (NSPIRE) inspection conducted on October 10, 2024, and referred the Owner for an administrative penalty on March 17, 2025, when findings of noncompliance were not timely corrected;

WHEREAS, the Enforcement Committee (Committee) offered an informal conference for the administrative penalty referral on May 29, 2025, but the Responsible Parties failed to appear;

WHEREAS, on June 23, 2025, the Department notified the Responsible Parties that they were being referred to the Committee for debarment pursuant to 10 TAC §2.401(d)(4), for refusal to correct NSPIRE deficiencies;

WHEREAS, the Committee offered an informal conference for the debarment referral on July 17, 2025, but Mr. Sims waived his right to the informal conference, stating instead that he had abandoned the Property;

WHEREAS, the Committee recommended a 30-year debarment and a contested case hearing to seek the maximum potential administrative penalty, which currently stands at $497,475.00, plus an additional daily accrual of $5,200.00;

WHEREAS, on September 9, 2025, the TDHCA Executive Director issued a debarment determination notice recommending a 30-year debarment term for Calvert Arms, Ltd., Lionel Sims, and Archie L. Jones, and notifying the parties that the Department also intended to seek administrative penalties;

WHEREAS, the Responsible Parties did not submit an appeal;

WHEREAS, staff has based the 30-year debarment recommendation on the Department's rules

for debarment and an assessment of each and all of the material factors that are to be considered in determining a recommended period of debarment, applied specifically to the facts and circumstances present in this case;

WHEREAS, staff has based its administrative penalty recommendation on the Department's rules for administrative penalties and an assessment of each and all of the statutory factors identified to be considered in assessing such penalties, applied specifically to the facts and circumstances present in this case; and

WHEREAS, staff is aware that USDA-Rural Development, the mortgage lienholder, intends to foreclose the property on October 7, 2025, an action that may eliminate the HTC LURA.

NOW, therefore, it is hereby

RESOLVED, that a Final Order of Debarment for a 30-year term ending October 9, 2055, for Calvert Arms, Ltd., Lionel Sims, and Archie L. Jones, substantially in the form presented at this meeting, and authorizing any non-substantive technical corrections, is hereby adopted as the order of this Board;

RESOLVED, that the Board accepts staff's recommendations regarding the assessment of an administrative penalty as described in the Report to the Board in the form presented at this meeting, along with the associated Agreed Final Order, substantially in the form presented at this meeting, and authorizing any non-substantive technical corrections, which order is hereby adopted as the order of this Board in the event that Calvert Arms, Ltd. chooses to settle the matter to avoid a contested case hearing; and

RESOLVED, that if the administrative penalty matter is not settled, the Board authorizes and directs the Executive Director and his designees to do all things necessary to pursue the assessment of administrative penalties, including a contested case hearing before an administrative law judge with the State Office of Administrative Hearings, but recognizing that efforts to assess an administrative penalty may be halted in the event that the USDA-RD foreclosure eliminates the TDHCA LURA.

BACKGROUND

REFERRED VIOLATIONS SUBJECT TO DEBARMENT:

1. Tex. Gov't. Code 2306.0504(c) states, *"(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 [emphasis added]."* Debarment is therefore mandatory for a material violation.

2. 10 TAC §2.401(d)(4) defines material violations that shall be considered for mandatory debarment, stating, *"(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: […] (4) Refuse to correct a UPCS, NSPIRE, or final construction inspection deficiency after the effective date of this rule;"

3. 10 TAC §10.621 outlines monitoring requirements for property condition standards, including timelines for repairs. TDHCA inspected on October 10, 2024, and the NSPIRE inspection scored 53.8 out of 100. The TDHCA Compliance Division issued an inspection report on October 15, 2024, setting a deadline of January 13, 2025, to submit evidence of correction. Mr. Sims refused to correct the noncompliance, and has waived his right to an informal conference, stating instead that he has abandoned the property. Mr. Jones' failure to respond equates to a refusal to correct deficiencies.

PROPERTY INFORMATION: 1992 9% HTC award for new construction of 24 units in 3 buildings in Calvert, Robertson County, with all units restricted at 60% AMI. The HTC LURA was effective in 1994. The 15-year federal HTC Compliance Period expired on December 31, 2008, and the state HTC Extended Use Period runs 35 years, terminating on December 31, 2028. USDA-RD is the mortgage lender, and has scheduled a nonjudicial foreclosure for October 7, 2025.

RESPONSIBLE PARTIES IN CONTROL: Lionel Sims and Archie L. Jones are the general partners for Calvert Arms, Ltd., the owner of the Property. There are no other actively monitored developments in this portfolio. The original owner remains in control, but Mr. Sims believes that he is no longer responsible because he sent a self-created "Abandonment of Ownership Interest" document to USDA-RD along with the property keys. Neither USDA-RD nor TDHCA have accepted this "Abandonment of Ownership Interest" as being legally dispositive of Mr. Sims ownership interest or responsibility for the Property.

DISTRESSED PROPERTY: The Property has struggled with financial feasibility and compliance problems since a fire destroyed units 9-16 in 2013. Units 1-8 and 17-24 remained in operation. Administrative penalty referrals in 2012 and 2014 were resolved informally, with full corrections made, but the casualty loss remained unresolved because the damaged units were demolished and there were insufficient insurance funds to rebuild the lost units because the owner had not adequately insured the building. To our knowledge, insurance proceeds from the fire remain in a holding account that was originally intended to be used for future remodeling of existing units and a planned rebuild of the lost units. A proposed purchaser assumed management responsibilities in 2019, advanced money to help stabilize the property, and attended an Enforcement Committee informal conference in 2019, along with the owner and a tax credit consultant when the casualty loss was referred for an administrative penalty. The property reportedly could not adequately cash flow without the demolished building. During that meeting, the proposed purchaser outlined its plans to assume ownership, and then apply for multiple funding sources to remodel existing units and rebuild lost units. The LURA was originally set to expire on December 31, 2023. The Enforcement Committee, Executive, Legal, and Asset Management Divisions worked together to amend the LURA in lieu of an administrative penalty, extending the term for five additional years, offsetting lost years of affordability using the remaining units, therefore compensating for the period of lost affordable housing without jeopardizing the rehabilitation/rebuilding plans by the proposed buyer. In exchange for the extension, the Enforcement Committee recommended that the Department

not seek an administrative penalty for failure to restore the casualty loss for the burned units.

ABANDONMENT: The proposed purchaser funded operating deficits for multiple years while trying to finalize financing to rehabilitate and rebuild, but the deal was eventually deemed to be infeasible, and it chose not to purchase. It then terminated its property management agreement on July 31, 2024. The proposed purchaser is still owed $149,632.00 in deferred management fees and repairs. Mr. Sims then sent USDA-RD, the mortgage lender, a self-drafted "Abandonment of Ownership Interest" on August 2, 2024, purportedly abandoning the property to USDA-RD. USDA-RD rejected that abandonment document, stating that Mr. Sims remains the owner and is responsible for the property. TDHCA concurs. This abandonment has impacted existing low-income tenants, such as unit 7. The tenant in unit 7 had to be relocated in October 2024, after returning from a hospital visit to find that her apartment was covered in mold due to a toilet shut-off-valve leak. She had turned the air conditioning off while she was in the hospital for two weeks, so the leak caused mold in the bathroom and water damage to multiple rooms. The proposed purchaser handled the emergency despite terminating its purchase option and property management months earlier when the owner abandoned the property. The Department does not have information about current occupancy; however, the proposed purchaser filed a final Unit Status Report on July 10, 2024. At the time of abandonment, there were 13 occupied units.

USDA-RD FORECLOSURE PENDING: USDA-RD initiated collections in 2024, after Mr. Sims abandoned the property and attempted to send the keys to USDA-RD. The nonjudicial foreclosure is currently scheduled for October 7, 2025. The Property is owned via a single-asset limited partnership, and the Department recognizes that any administrative penalty enforcement action by TDHCA is subordinate to a foreclosure action by USDA-RD.

CURRENT ADMINISTRATIVE PENALTY REFERRAL: TDHCA performed an NSPIRE inspection on October 10, 2024, and the property scored 53.8 out of 100. Compliance issued their inspection report on October 15, 2024, setting a deadline of January 13, 2025, to submit evidence of correction. The noncompliance was referred for an administrative penalty on March 17, 2025. The Enforcement Committee Secretary was not able to resolve the matter or confirm a scheduled USDA-RD foreclosure date, so an informal conference was scheduled for May 29, 2025, but the owner failed to attend or reply.

CURRENT DEBARMENT REFERRAL: After the Responsible Parties failed to appear for the administrative penalty informal conference, the Compliance Division also initiated a debarment referral under 10 TAC §2.401(d)(4) for refusal to correct NSPIRE noncompliance. Staff set a debarment informal conference for July 17, 2025. An attorney for Mr. Sims responded on July 8, 2025, waiving the informal conference, stating instead that he has abandoned the property, and "affirm[ing] that he no longer holds any ownership or control over the subject property." This response, coupled with Mr. Jones' failure to respond, equate to a refusal to correct the NSPIRE deficiencies.

FACTORS CONSIDERED TO DETERMINE RECOMMENDED DEBARMENT TERM AND ADMINISTRATIVE PENALTY AMOUNT: The Enforcement Committee considered the following

factors, pursuant to Tex. Gov't Code 2306.042(b), Figure 2 of 10 TAC §2.302(k), and 10 TAC §2.401(j):

1. **Repeated enforcement occurrences and history of previous violations:**

    a. **Debarment:** There are no prior debarment referrals.

    b. **Administrative Penalty:** There are no prior administrative penalty assessments, but there is a referral history as noted above.

2. **Seriousness of underlying issues, and whether a hazard is posed to the health, safety, or economic welfare of the public**:

    a. **Physical:** The NSPIRE inspection shows very serious noncompliance, including many life-threatening and severe findings. Physical safety issues are overwhelming for this inspection, including water damage and mold in occupied unit 7, which is an extreme example of the impact of abandonment while units were occupied. Occupied unit 18 is also in poor condition. Vacant unit 20 has exposed wiring, and multiple areas with water damage and wood rot. Occupied unit 22 has bedbugs throughout the unit. The Committee did note one mitigating factor, that some of the observed fire safety violations are due to NSPIRE protocol changes, such as checking the distance of smoke detectors from the ceiling; this was not part of the prior UPCS protocol.

    b. **Economic:** Although not the primary concern for the NSPIRE violations, not having habitable units available for rent does have an economic impact on the public, as does the owner's abandonment of the property.

3. **Presence or absence of corrective action:** No corrective action taken by Owner.

4. **Other material factors that justice may require:** Abandonment in and of itself is severe, however, that severity is compounded by the fact that many units were not vacant at the time of abandonment. 13 units were occupied, per the final Unit Status Report filed with TDHCA by the proposed purchaser in July 2024. Abandoning occupied units is egregious and potentially life threatening. Abandonment is never acceptable, but the owner should have - at a minimum - ensured that the property was vacant before taking such an extreme step. Owner is ignoring all correspondence and reports, claiming that he is no longer responsible due to his self-created "Abandonment of Ownership Interest" that he gave to USDA-RD. As noted above, USDA-RD rejected that abandonment, stating that the owner remains in control until USDA-RD forecloses. TDHCA Legal concurs, as does Robertson County, which still shows Calvert Arms Ltd as the owner for property tax purposes. The Responsible Parties chose not to attend the informal conferences; therefore, no mitigating factors were presented, however, the Committee did recognize that the property was struggling financially prior to abandonment. It did not cash-flow due to partial demolition as noted above, and there

is a pending USDA-RD foreclosure.

5. **Administrative penalty amount necessary to deter violations:** The Property is owned via a single asset limited partnership. Any administrative penalty is unlikely to be paid, but the Committee believes there is a public benefit to moving forward. There are multiple years of lost affordability, and moving forward with enforcement sends a signal that abandonment does not remove responsibility and is not an acceptable way out, especially when a property is occupied. Owners must be held accountable even when collection is unlikely. With that said, the Department recognizes that the enforcement action will be subordinate to a foreclosure action by USDA-RD, therefore, Department efforts to assess an administrative penalty may render collection futile in the event that a USDA-RD foreclosure eliminates the HTC LURA. Foreclosure is currently scheduled for October 7, 2025.

   In light of the above factors, the Enforcement Committee recommends the maximum administrative penalty allowable under Figure 2 at 10 TAC §2.302(k), including a now daily accruing component since more than six months has elapsed since expiration of the corrective action period. As of October 9, 2025, the maximum administrative penalty is $497,475.00, including a base amount of $39,875.00 plus daily accrual of $457,600.00. The daily accrual figure is composed of an additional optional $100.00 per day for each of the 52 uncorrected life threatening or severe deficiencies that remained uncorrected six months from the corrective action deadline. That optional daily accrual began on July 13, 2025, six months after the corrective action deadline passed.

RECOMMENDATION: After consideration of all appropriate factors, the Enforcement Committee and Executive Director:

1. Recommend the issuance by the Board of a Final Order of Debarment for a 30-year term ending October 9, 2055, for Calvert Arms, Ltd., Lionel Sims, and Archie L. Jones;

2. Submit staff recommendations regarding the assessment of the maximum administrative penalty as described in the enclosed Report to the Board, along with the associated Agreed Final Order to be used in the event that Owner chooses to settle the matter by correcting the noncompliance in order to avoid a contested case hearing; and

3. Recommend that the Board authorize and direct the Executive Director and his designees to do all things necessary to pursue the assessment of administrative penalties, including a contested case hearing before an administrative law judge with SOAH, but recognizing that efforts to assess an administrative penalty may not be pursued in the event that the USDA-RD foreclosure eliminates the TDHCA LURA.

Attachments:
1. Inspection Report
2. Final Order of Debarment

3. Report to the Board
4. Agreed Final Order
5. Abandonment of Ownership Interest

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Calvert Arms Apartments: (Multiple Units)

Results by Area

NSPIRE: Annual

Scheduled: 10/10/2024 Closed: Oct 10 2024 ID: 560374

Score: 53.8

Scoring Summary - NSPIRE

Units Inspected: 15 HUD Samp. Size: 11	Outside		Inside		Unit		Totals	
	#	Pts	#	Pts	#	Pts (Adj)	#	Pts
Life Threatening	0	0.00	0	0.00	5	20.00	5	20.00
Severe	0	0.00	0	0.00	8	7.89	8	7.89
Moderate	1	0.41	2	0.91	40	14.67	43	15.99
Low	2	0.36	1	0.20	11	1.76	14	2.32
Totals	3	0.77	3	1.11	64	44.32	70	46.20

Score	53.8*	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.

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

Inspection Results

Outside

1

Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts	Pts (Adj)	Fix By
Main Entry	Light Fixtures (Exterior)	A permanently installed light fixture is inoperable	Exterior light inop @ primary entry door; Unit 4	1	10/10/24 11:47 JM		Mod	0.41[3]		30D
Main Entry	Light Fixtures (Exterior)	A permanently installed light fixture is inoperable	Inop outside primary entry to Unit 7	2	10/10/24 12:02 JM		Mod	0.41[3]		30D

1 Outside NSPIRE Totals

Life Threatening: 0/0 Severe: 0/0 Moderate: 2/0.82 Low: 0/0

3

Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts	Pts (Adj)	Fix By
Side of Building	Site Drainage	Drainage is blocked, and water is unable to drain properly	Exterior of Unit 18	3	10/10/24 13:43 JM		Low	0.18		60D
Side of Building	Site Drainage	Erosion is present, and the footer is exposed.	Exterior of Unit 18	4	10/10/24 13:44 JM		Low	0.18		60D

3 Outside NSPIRE Totals

Life Threatening: 0/0 Severe: 0/0 Moderate: 0/0 Low: 2/0.36

Inspection Results (Continued)

Inside

Office / Clubhouse

Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts	Pts (Adj)	Fix By
Community Room	Cooking Appliance (BLDG)	A Stove Burner is Inoperable (with at least one operable burner)	Front right burner missing	5	10/10/24 15:17 JM		Mod	0.45		30D
Restrooms	Sink	Sink stopper damaged, inoperable, or missing with evidence of prior installation	Stopper missing men's room sink	6	10/10/24 15:21 JM		Low	0.20		60D
Restrooms	Toilet (BLDG)	Toilet is damaged or inoperable (common area)	Women's room toilet no flush	7	10/10/24 15:20 JM		Mod	0.45		30D

Office / Clubhouse Inside NSPIRE Totals

Life Threatening: 0/0 Severe: 0/0 Moderate: 2/0.91 Low: 1/0.2

Unit

1: Unit 01

(YK Note: Occupied as of 7/10/2024 USR)

Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts	Pts (Adj)	Fix By
Bathroom 1	Sink	Sink stopper damaged, inoperable, or missing with evidence of prior installation		8	10/10/24 10:49 JM		Low	0.22	0.16	60D
Bathroom 1	Toilet	Toilet is not secured at base/loose	Toilet detachment @ base	10	10/10/24 10:44 JM		Mod	0.50	0.37	30D
Bathroom 1	Toilet	Toilet components are damaged but overall functional	Extensive water leakage observed @ base of toilet.	9	10/10/24 10:47 JM		Low	0.22	0.16	60D

1: Unit 01 Unit NSPIRE Totals

Life Threatening: 0/0 Severe: 0/0 Moderate: 1/0.37 Low: 2/0.32

1: Unit 02

(YK Note: Vacant as of 7/10/2024 USR)

Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts	Pts (Adj)	Fix By
Entire Unit	No Issues/Violations	Not Inspected - Key Does Not Work			10/10/24 15:52			0.00[1]	0.00[1]	

1: Unit 02 Unit NSPIRE Totals

Life Threatening: 0/0 Severe: 0/0 Moderate: 0/0 Low: 0/0

1: Unit 03

(YK Note: Occupied as of 7/10/2024 USR)

Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts	Pts (Adj)	Fix By
Bathroom 1	Toilet	Toilet components are damaged but overall functional	Leakage observed @ base	11	10/10/24 11:02 JM		Low	0.22	0.16	60D
Bedroom 1	Smoke Alarms	Wall-mounted smoke alarm more than 12in. from a ceiling	More than 12" from ceiling	12	10/10/24 11:00 JM		LT	0.00[1]	0.00[1]	24H
Closet/Storage Area	Water Heater	Pressure relief valve discharge piping is missing		13	10/10/24 11:03 JM		Mod	0.50	0.37	30D
Kitchen	Conductors, Outlets, Switches	Improperly wired or grounded outlet	Right side outlet has hot / neutral reversed @ kitchen countertop	14	10/10/24 11:09 JM		Severe	1.35	0.99	24H

1: Unit 03 Unit NSPIRE Totals

Life Threatening: 1/0 Severe: 1/0.99 Moderate: 1/0.37 Low: 1/0.16

1: Unit 04

(YK Note: Occupied as of 7/10/2024 USR)

Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts	Pts (Adj)	Fix By
Bathroom 1	Infestation	Evidence of cockroaches (Live, Dead, or Other Evidence)	Roaches observed in bathroom	15	10/10/24 11:21 JM		Mod	0.50	0.37	30D
Bathroom 1	Sink	Sink stopper damaged, inoperable, or missing with evidence of prior installation	Missing @ bathroom sink	16	10/10/24 11:20 JM		Low	0.22	0.16	60D
Bedroom 1	Door – General	A passage door component is damaged/missing/inoperable	Bedroom door lock will not secure	17	10/10/24 11:24 JM		Low	0.22	0.16	60D

[1]Non-Scoring [2]Temporary Non-Scoring [3]Repeat finding within the area (only 1-scored) *Note: Unit points adjusted to reflect the actual unit count

Inspection Results (Continued)

1: Unit 04 (Continued)

Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts	Pts (Adj)	Fix By
(YK Note: Occupied as of 7/10/2024 USR)										
Bedroom 1	Smoke Alarms	Wall-mounted smoke alarm more than 12in. from a ceiling	Bedroom wall	18	10/10/24 11:23 JM		LT	0.00[1]	0.00[1]	24H
Hallways & Corridors	Smoke Alarms	Wall-mounted smoke alarm more than 12in. from a ceiling	Behind hutch outside of bathroom door	19	10/10/24 11:22 JM		LT	0.00[1]	0.00[1]	24H
Kitchen	Refrigerator	Refrigerator door seal is damaged	Refrigerator door seal damaged @ bottom	20	10/10/24 11:17 JM		Mod	0.50	0.37	30D
Main Entry	Door – Fire Labeled	Fire-labeled door seal or gasket is damaged or missing		21	10/10/24 11:12 JM		Severe	0.00[2]	0.00[2]	24H

1: Unit 04 Unit NSPIRE Totals

Life Threatening: 2/0 Severe: 1/0 Moderate: 2/0.73 Low: 2/0.32

1: Unit 05

Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts	Pts (Adj)	Fix By
(YK Note: Occupied as of 7/10/2024 USR)										
Bedroom 1	Smoke Alarms	Wall-mounted smoke alarm more than 12in. from a ceiling	Bedroom 1	22	10/10/24 11:42 JM		LT	0.00[1]	0.00[1]	24H
Closet/Storage Area	Flammables or Combustibles	Combustible/Flammables material is on or within 3 feet of a fuel burning Water Heater	Flammable materials stored on top of water heater	23	10/10/24 11:41 JM		LT	5.45	4.00	24H
Closet/Storage Area	Water Heater	Pressure relief valve discharge piping is missing	Piping missing; bathroom closet	24	10/10/24 11:42 JM		Mod	0.50	0.37	30D
Hallways & Corridors	Smoke Alarms	Wall-mounted smoke alarm more than 12in. from a ceiling	Outside of bathroom	25	10/10/24 11:42 JM		LT	0.00[1]	0.00[1]	24H
Kitchen	Ceiling Covering and Finishes	Ceiling has signs of structural failure (cracking, small circles, blisters, or nail pops)	Kitchen ceiling; with 1 inch penetrating hole	26	10/10/24 11:42 JM		Mod	0.50[3]	0.37[3]	30D
Living Room	Ceiling Covering and Finishes	Ceiling has signs of structural failure (cracking, small circles, blisters, or nail pops)	Living room ceiling has surface deterioration and suspected water damage.	27	10/10/24 11:42 JM		Mod	0.50[3]	0.37[3]	30D

1: Unit 05 Unit NSPIRE Totals

Life Threatening: 3/4 Severe: 0/0 Moderate: 3/1.1 Low: 0/0

1: Unit 06

Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts	Pts (Adj)	Fix By
(YK Note: Occupied as of 7/10/2024 USR)										
Bathroom 1	Bathtub/Shower	Bath/Shower component is damaged, missing, or inoperable not limiting personal hygiene	Tub faucet loose / detached	28	10/10/24 11:54 JM		Low	0.22	0.16	60D
Bathroom 1	Toilet	Toilet is not secured at base/loose	Toilet not secure to floor	30	10/10/24 11:52 JM		Mod	0.50	0.37	30D
Bathroom 1	Toilet	Toilet is damaged or inoperable (only toilet in unit)	Toilet inoperable	29	10/10/24 11:54 JM		Severe	1.35	0.99	24H
Bedroom 1	Smoke Alarms	Wall-mounted smoke alarm more than 12in. from a ceiling		31	10/10/24 11:56 JM		LT	0.00[1]	0.00[1]	24H
Hallways & Corridors	Smoke Alarms	Wall-mounted smoke alarm more than 12in. from a ceiling	Hall outside bedroom	32	10/10/24 11:57 JM		LT	0.00[1]	0.00[1]	24H

1: Unit 06 Unit NSPIRE Totals

Life Threatening: 2/0 Severe: 1/0.99 Moderate: 1/0.37 Low: 1/0.16

1: Unit 07

Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts	Pts (Adj)	Fix By
(YK Note: Occupied as of 7/10/2024 USR - this tenant was relocated in Oct due to water/mold damage)										
Alternate Location - See Notes for Details	Mold-Like Substances	Elevated moisture level in a unit	Throughout entire unit	33	10/10/24 12:17 JM		Mod	0.50	0.37	30D
Bathroom 1	Bathtub/Shower	Bath/Shower component is damaged, missing, or inoperable not limiting personal hygiene	Tub faucet leaking	34	10/10/24 12:15 JM		Low	0.22	0.16	60D

[1]Non-Scoring [2]Temporary Non-Scoring [3]Repeat finding within the area (only 1-scored) *Note: Unit points adjusted to reflect the actual unit count

Inspection Results (Continued)

1: Unit 07 (Continued)

Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts	Pts (Adj)	Fix By
(YK Note: Occupied as of 7/10/2024 USR - this tenant was relocated in Oct due to water/mold damage)										
Bathroom 1	Door – General	A passage door component is damaged/missing/inoperable	Bathroom door will not close	35	10/10/24 12:19 JM		Low	0.22[3]	0.16[3]	60D
Bathroom 1	Mold-Like Substances	Moisture damage on a surface from 4 Sq. In. to 1 S.F.(Units)	Bathroom next to toilet	37	10/10/24 12:13 JM		Mod	0.50	0.37	30D
Bathroom 1	Mold-Like Substances	Moisture damage on a surface from 1 to 9 S.F. (Units)	Bathroom wall between toilet and tub	36	10/10/24 12:16 JM		Severe	1.35[3]	0.99[3]	24H
Bathroom 1	Toilet	Toilet is damaged or inoperable (only toilet in unit)	Toilet inop	38	10/10/24 12:12 JM		Severe	1.35	0.99	24H
Bedroom 1	Door – General	A passage door component is damaged/missing/inoperable	Door lock inop @ bedroom 1	39	10/10/24 12:05 JM		Low	0.22[3]	0.16[3]	60D
Bedroom 1	Floor Covering and Finishes	General Comment	Bedroom flooded with water from bathroom toilet; carpet & flooring soaked	40	10/10/24 12:09 JM			0.00[1]	0.00[1]	
Bedroom 1	Smoke Alarms	Wall-mounted smoke alarm more than 12in. from a ceiling	More than 12" from ceiling, bedroom	41	10/10/24 12:11 JM		LT	0.00[1]	0.00[1]	24H
Closet/Storage Area	Water Heater	Pressure relief valve discharge piping is missing	Piping missing	42	10/10/24 12:18 JM		Mod	0.50	0.37	30D
Hallways & Corridors	Mold-Like Substances	Moisture damage on a surface from 1 to 9 S.F. (Units)	Mold like substance observed outside bedroom 1; above baseboard	43	10/10/24 12:20 JM		Severe	1.35[3]	0.99[3]	24H
Hallways & Corridors	Smoke Alarms	Wall-mounted smoke alarm more than 12in. from a ceiling	Detector more than 12" from ceiling; between bedroom and bathroom	44	10/10/24 12:10 JM		LT	0.00[1]	0.00[1]	24H

1: Unit 07 Unit NSPIRE Totals

Life Threatening: 2/0 Severe: 3/2.96 Moderate: 3/1.1 Low: 3/0.48

1: Unit 08

Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts	Pts (Adj)	Fix By
(YK Note: Occupied as of 7/10/2024 USR)										
Bedroom 1	Smoke Alarms	Wall-mounted smoke alarm more than 12in. from a ceiling	Bedroom 1	45	10/10/24 12:33 JM		LT	0.00[1]	0.00[1]	24H
Bedroom 2	Smoke Alarms	Wall-mounted smoke alarm more than 12in. from a ceiling	Bedroom 2	46	10/10/24 12:36 JM		LT	0.00[1]	0.00[1]	24H
Hallways & Corridors	Light Fixtures (Interior)	A permanently installed light fixture is inoperable	Lamp outside of bedroom 2 inop	47	10/10/24 12:34 JM		Mod	0.50	0.37	30D
Hallways & Corridors	Smoke Alarms	Wall-mounted smoke alarm more than 12in. from a ceiling	Between bedrooms 1 and 2	48	10/10/24 12:34 JM		LT	0.00[1]	0.00[1]	24H
Kitchen	Cooking Appliance	A Stove Burner is Inoperable (with at least one operable burner)	Front right burner inop	49	10/10/24 12:30 JM		Mod	0.50	0.37	30D
Main Entry	Door Surface - Entry (non-fire)	Gap of 1/4” around door seal/gasket & light penetration	Light showing @ bottom of door sweep	51	10/10/24 12:28 JM		Mod	0.50	0.37	30D
Main Entry	Door – Fire Labeled	Fire-labeled door seal or gasket is damaged or missing	Primary entry	50	10/10/24 12:25 JM		Severe	0.00[2]	0.00[2]	24H

1: Unit 08 Unit NSPIRE Totals

Life Threatening: 3/0 Severe: 1/0 Moderate: 3/1.1 Low: 0/0

3: Unit 17

Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts	Pts (Adj)	Fix By
(YK Note: Occupied as of 7/10/2024 USR)										
Bathroom 1	Wall Covering and Finish – Interior	Wall has a loose or detached surface covering	Edge of surround near shower head	52	10/10/24 13:03 JM		Mod	0.50[3]	0.37[3]	30D
Bedroom 1	Smoke Alarms	Wall-mounted smoke alarm more than 12in. from a ceiling	Bedroom 1	53	10/10/24 13:07 JM		LT	0.00[1]	0.00[1]	24H
Closet/Storage Area	Water Heater	Pressure relief valve discharge piping is missing	Piping missing	54	10/10/24 13:01 JM		Mod	0.50	0.37	30D

[1]Non-Scoring [2]Temporary Non-Scoring [3]Repeat finding within the area (only 1-scored) *Note: Unit points adjusted to reflect the actual unit count

Inspection Results (Continued)

3: Unit 17 (Continued)

Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts	Pts (Adj)	Fix By
(YK Note: Occupied as of 7/10/2024 USR)										
Hallways & Corridors	Smoke Alarms	Wall-mounted smoke alarm more than 12in. from a ceiling	No 12" between bathroom and bedroom	55	10/10/24 13:06 JM		LT	0.00[1]	0.00[1]	24H
Kitchen	Infestation	Evidence of cockroaches (Live, Dead, or Other Evidence)	Roaches observed at pantry	56	10/10/24 13:00 JM		Mod	0.50	0.37	30D
Kitchen	Refrigerator	Refrigerator door handle is damaged	Handle missing on top portion of refrigerator	57	10/10/24 12:59 JM		Mod	0.50	0.37	30D
Kitchen	Wall Covering and Finish – Interior	Wall has a loose or detached surface covering	Kitchen; above range	58	10/10/24 12:58 JM		Mod	0.50[3]	0.37[3]	30D
Living Room	Conductors, Outlets, Switches	Electrical conductor is not properly insulated/enclosed	Living room	59	10/10/24 12:56 JM		LT	5.45	4.00	24H
Main Entry	Door – Fire Labeled	Fire-labeled door seal or gasket is damaged or missing	Primary entry	60	10/10/24 12:53 JM		Severe	0.00[2]	0.00[2]	24H

3: Unit 17 Unit NSPIRE Totals

Life Threatening: 3/4 Severe: 1/0 Moderate: 5/1.83 Low: 0/0

3: Unit 18

Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts	Pts (Adj)	Fix By
(YK Note: Occupied as of 7/10/2024 USR)										
Alternate Location - See Notes for Details	HVAC Equipment	Air conditioning system is not operational	No heating or AC	61	10/10/24 13:37 JM		Mod	0.50	0.37	30D
Bathroom 1	Infestation	Evidence of cockroaches (Live, Dead, or Other Evidence)	Roaches observed; bathroom	62	10/10/24 13:33 JM		Mod	0.50	0.37	30D
Bathroom 1	Toilet	Toilet is damaged or inoperable (only toilet in unit)	No flush	63	10/10/24 13:37 JM		Severe	1.35	0.99	24H
Bedroom 1	Smoke Alarms	Wall-mounted smoke alarm more than 12in. from a ceiling	Bedroom 1	64	10/10/24 13:28 JM		LT	0.00[1]	0.00[1]	24H
Bedroom 1	Wall Covering and Finish – Interior	Interior wall has hole greater than 2in.	Behind door, below panel box	65	10/10/24 13:28 JM		Mod	0.50	0.37	30D
Closet/Storage Area	Water Heater	Pressure relief valve discharge piping is missing	Piping missing	66	10/10/24 13:31 JM		Mod	0.50	0.37	30D
Hallways & Corridors	Light Fixtures (Interior)	A permanently installed light fixture is inoperable	Between bedroom and bathroom	67	10/10/24 13:30 JM		Mod	0.50	0.37	30D
Hallways & Corridors	Smoke Alarms	Wall-mounted smoke alarm more than 12in. from a ceiling	At hutch between bedroom and bathroom	68	10/10/24 13:26 JM		LT	0.00[1]	0.00[1]	24H
Kitchen	Conductors, Outlets, Switches	Gap of 1/2"+ in any high-voltage electrical apparatus	End of kitchen counter	69	10/10/24 13:22 JM		LT	5.45	4.00	24H
Kitchen	Cooking Appliance	A Stove Burner is Inoperable (with at least one operable burner)	Right front burner inop	70	10/10/24 13:24 JM		Mod	0.50	0.37	30D
Kitchen	Refrigerator	Refrigerator door seal is damaged	Bottom portion of door seal damaged	71	10/10/24 13:25 JM		Mod	0.50	0.37	30D
Kitchen	Tripping Hazard	Tripping hazard - 2in. horizontal separation	Transition strip from living room to kitchen	72	10/10/24 13:19 JM		Mod	0.50	0.37	30D
Living Room	Ceiling Covering and Finishes	Ceiling has signs of structural failure (cracking, small circles, blisters, or nail pops)	Kitchen and living room ceiling, water stains	73	10/10/24 13:16 JM		Mod	0.50	0.37	30D
Living Room	Wall Covering and Finish – Interior	Interior wall component(s) is not functionally adequate	Trim missing at left side of entry door	74	10/10/24 13:12 JM		Mod	0.50	0.37	30D

3: Unit 18 Unit NSPIRE Totals

Life Threatening: 3/4 Severe: 1/0.99 Moderate: 10/3.67 Low: 0/0

3: Unit 19

Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts	Pts (Adj)	Fix By
(YK Note: Occupied as of 7/10/2024 USR)										
Bathroom 1	Sink	Sink stopper damaged, inoperable, or missing with evidence of prior installation	Stopper missing	75	10/10/24 13:51 JM		Low	0.22	0.16	60D
Bedroom 1	Smoke Alarms	Wall-mounted smoke alarm more than 12in. from a ceiling	Bedroom 1	76	10/10/24 13:49 JM		LT	0.00[1]	0.00[1]	24H

[1]Non-Scoring [2]Temporary Non-Scoring [3]Repeat finding within the area (only 1-scored) *Note: Unit points adjusted to reflect the actual unit count

Inspection Results (Continued)

3: Unit 19 (Continued)

Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts	Pts (Adj)	Fix By
(YK Note: Occupied as of 7/10/2024 USR)										
Closet/Storage Area	Flammables or Combustibles	Combustible/Flammables material is on or within 3 feet of a fuel burning Water Heater	Improperly stored materials on top of water heater	77	10/10/24 13:53 JM		LT	5.45	4.00	24H
Closet/Storage Area	Water Heater	Pressure relief valve discharge piping is missing	No piping observed	78	10/10/24 13:52 JM		Mod	0.50	0.37	30D
Hallways & Corridors	Smoke Alarms	Wall-mounted smoke alarm more than 12in. from a ceiling	Between bedroom and bathroom	79	10/10/24 13:50 JM		LT	0.00[1]	0.00[1]	24H
Kitchen	Refrigerator	Refrigerator door handle is damaged	Missing	80	10/10/24 13:54 JM		Mod	0.50	0.37	30D
Living Room	Ceiling Covering and Finishes	Ceiling has sagging or dropping materials	Peeling at living room ceiling	81	10/10/24 13:47 JM		Severe	1.35	0.99	24H
Living Room	Infestation	Evidence of cockroaches (Live, Dead, or Other Evidence)	Roaches observed, living room	82	10/10/24 13:48 JM		Mod	0.50	0.37	30D

3: Unit 19 Unit NSPIRE Totals

Life Threatening: 3/4 Severe: 1/0.99 Moderate: 3/1.1 Low: 1/0.16

3: Unit 20

Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts	Pts (Adj)	Fix By
(YK Note: Vacant as of 7/10/2024 USR)										
Bathroom 1	Cabinets/Vanity	General Comment	Extensive water damage and wood rot at bathroom cabinet near toilet	83	10/10/24 14:13 JM			0.00[1]	0.00[1]	
Bathroom 1	Ceiling Covering and Finishes	Ceiling has signs of structural failure (cracking, small circles, blisters, or nail pops)	Surface peeling / deterioration above toilet	84	10/10/24 14:15 JM		Mod	0.50	0.37	30D
Bathroom 1	Wall Covering and Finish – Interior	Interior wall has hole greater than 2in.	Behind bathroom door	85	10/10/24 14:11 JM		Mod	0.50	0.37	30D
Bedroom 1	Smoke Alarms	Wall-mounted smoke alarm more than 12in. from a ceiling	Bedroom 1	86	10/10/24 14:16 JM		LT	0.00[1]	0.00[1]	24H
Closet/Storage Area	Water Heater	Pressure relief valve terminates higher than 6in. or less than 2in. from the waste receptor flood level	Higher than 6"	87	10/10/24 14:10 JM		Mod	0.50	0.37	30D
Hallways & Corridors	Conductors, Outlets, Switches	Electrical conductor is not properly insulated/enclosed	Between bedroom and bathroom	88	10/10/24 14:08 JM		LT	5.45[3]	4.00[3]	24H
Hallways & Corridors	Conductors, Outlets, Switches	Electrical conductor is not properly insulated/enclosed	Switch plate cover missing; between bedroom and bathroom	89	10/10/24 14:09 JM		LT	5.45[3]	4.00[3]	24H
Hallways & Corridors	Smoke Alarms	Smoke alarm not installed outside a sleeping room	Between bathroom and bedroom	90	10/10/24 14:16 JM		LT	0.00[1]	0.00[1]	24H
Kitchen	Conductors, Outlets, Switches	Electrical conductor is not properly insulated/enclosed	Outlet cover missing; near pantry	91	10/10/24 14:07 JM		LT	5.45[3]	4.00[3]	24H
Kitchen	Conductors, Outlets, Switches	Electrical conductor is not properly insulated/enclosed	No switch plate cover observed; kitchen near pantry	92	10/10/24 14:08 JM		LT	5.45[3]	4.00[3]	24H
Kitchen	Infestation	Evidence of cockroaches (Live, Dead, or Other Evidence)	Kitchen sink	93	10/10/24 14:05 JM		Mod	0.50	0.37	30D
Living Room	Conductors, Outlets, Switches	Electrical conductor is not properly insulated/enclosed	Switch plate missing at entry	94	10/10/24 14:00 JM		LT	5.45[3]	4.00[3]	24H
Living Room	Conductors, Outlets, Switches	Electrical conductor is not properly insulated/enclosed	Outlet near front entry; missing cover plate	95	10/10/24 14:01 JM		LT	5.45[3]	4.00[3]	24H
Living Room	Conductors, Outlets, Switches	Electrical conductor is not properly insulated/enclosed	Outlet no cover plate	96	10/10/24 14:02 JM		LT	5.45[3]	4.00[3]	24H
Living Room	Conductors, Outlets, Switches	Electrical conductor is not properly insulated/enclosed	Outlet no cover plate; near kitchen	97	10/10/24 14:03 JM		LT	5.45[3]	4.00[3]	24H
Living Room	Conductors, Outlets, Switches	Electrical conductor is not properly insulated/enclosed	No outlet cover plate; next to closet	98	10/10/24 14:04 JM		LT	5.45[3]	4.00[3]	24H
Main Entry	Door – Fire Labeled	Fire-labeled door seal or gasket is damaged or missing	Primary entry	99	10/10/24 13:59 JM		Severe	0.00[2]	0.00[2]	24H

3: Unit 20 Unit NSPIRE Totals

Life Threatening: 11/36 Severe: 1/0 Moderate: 4/1.47 Low: 0/0

[1]Non-Scoring [2]Temporary Non-Scoring [3]Repeat finding within the area (only 1-scored) *Note: Unit points adjusted to reflect the actual unit count

Inspection Results (Continued)

3: Unit 21

Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts	Pts (Adj)	Fix By
(YK Note: Vacant as of 7/10/2024 USR)										
Alternate Location - See Notes for Details	Infestation	Evidence of bedbugs in 2+ Locations (Extensive)	Bedbugs throughout unit	100	10/10/24 14:20 JM		Severe	1.35	0.99	24H

3: Unit 21 Unit NSPIRE Totals

Life Threatening: 0/0 Severe: 1/0.99 Moderate: 0/0 Low: 0/0

3: Unit 22

Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts	Pts (Adj)	Fix By
(YK Note: Occupied as of 7/10/2024 USR)										
Alternate Location - See Notes for Details	Infestation	Evidence of bedbugs	Throughout unit	101	10/10/24 14:37 JM		Mod	0.50	0.37	30D
Bathroom 1	Wall Covering and Finish – Interior	Interior wall has hole greater than 2in.	Bathroom; outside of water heater closet	102	10/10/24 14:31 JM		Mod	0.50[3]	0.37[3]	30D
Bedroom 1	Smoke Alarms	Wall-mounted smoke alarm more than 12in. from a ceiling	Bedroom 1	103	10/10/24 14:28 JM		LT	0.00[1]	0.00[1]	24H
Bedroom 1	Wall Covering and Finish – Interior	Interior wall has hole greater than 2in.	Near bedroom door	104	10/10/24 14:28 JM		Mod	0.50[3]	0.37[3]	30D
Closet/Storage Area	Door – General	Closet door component is missing, damaged or inoperable	Storage closet at primary entry door; extensive damage to frame; will not open	105	10/10/24 14:25 JM		Low	0.22	0.16	60D
Closet/Storage Area	Water Heater	Pressure relief valve discharge piping is damaged, capped, has an upward slope, or is constructed of unsuitable material	Pipes upward	106	10/10/24 14:32 JM		Severe	1.35	0.99	24H
Hallways & Corridors	Smoke Alarms	Wall-mounted smoke alarm more than 12in. from a ceiling	Between bedroom and bathroom	107	10/10/24 14:29 JM		LT	0.00[1]	0.00[1]	24H
Hallways & Corridors	Wall Covering and Finish – Interior	Interior wall has hole greater than 2in.	Next to primary entry door	108	10/10/24 14:23 JM		Mod	0.50[3]	0.37[3]	30D
Living Room	Wall Covering and Finish – Interior	Wall has a loose or detached surface covering	Living entry to bathroom	109	10/10/24 14:35 JM		Mod	0.50	0.37	30D
Main Entry	Door – Fire Labeled	Fire-labeled door seal or gasket is damaged or missing	Gasket damaged main entry	110	10/10/24 14:21 JM		Severe	0.00[2]	0.00[2]	24H

3: Unit 22 Unit NSPIRE Totals

Life Threatening: 2/0 Severe: 2/0.99 Moderate: 5/1.83 Low: 1/0.16

3: Unit 23

Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts	Pts (Adj)	Fix By
(YK Note: Occupied as of 7/10/2024 USR)										
Bathroom 1	Sink	Sink stopper damaged, inoperable, or missing with evidence of prior installation	Stopper missing	111	10/10/24 14:45 JM		Low	0.22	0.16	60D
Bedroom 1	Smoke Alarms	Wall-mounted smoke alarm more than 12in. from a ceiling	Bedroom 1	112	10/10/24 14:40 JM		LT	0.00[1]	0.00[1]	24H
Closet/Storage Area	Water Heater	Pressure relief valve discharge piping is missing	Piping missing	113	10/10/24 14:46 JM		Mod	0.50	0.37	30D
Hallways & Corridors	Smoke Alarms	Smoke alarm does not produce an audio or visual alarm when tested	Between bedroom and bathroom	114	10/10/24 14:41 JM		LT	0.00[1]	0.00[1]	24H
Hallways & Corridors	Smoke Alarms	Wall-mounted smoke alarm more than 12in. from a ceiling	Between bedroom and bathroom	115	10/10/24 14:42 JM		LT	0.00[1]	0.00[1]	24H
Kitchen	Refrigerator	Refrigerator door handle is damaged	Missing; top portion of refrigerator	116	10/10/24 14:47 JM		Mod	0.50	0.37	30D
Living Room	Ceiling Covering and Finishes	Ceiling has a hole 2in. or more in diameter	Living room	117	10/10/24 14:39 JM		Mod	0.50	0.37	30D

3: Unit 23 Unit NSPIRE Totals

Life Threatening: 3/0 Severe: 0/0 Moderate: 3/1.1 Low: 1/0.16

[1]Non-Scoring [2]Temporary Non-Scoring [3]Repeat finding within the area (only 1-scored) *Note: Unit points adjusted to reflect the actual unit count

Inspection Results (Continued)

3: Unit 24

Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts	Pts (Adj)	Fix By
(YK Note: Occupied as of 7/10/2024 USR)										
Entire Unit	No Issues/Violations	Not Inspected - Key Does Not Work			10/10/24 19:55			0.00[1]	0.00[1]	

3: Unit 24 Unit NSPIRE Totals

Life Threatening: 0/0 Severe: 0/0 Moderate: 0/0 Low: 0/0

[1]Non-Scoring [2]Temporary Non-Scoring [3]Repeat finding within the area (only 1-scored) *Note: Unit points adjusted to reflect the actual unit count

ENFORCEMENT ACTION AGAINST	§	BEFORE THE
CALVERT ARMS, LTD., LIONEL SIMS, AND	§	TEXAS DEPARTMENT OF HOUSING
ARCHIE L. JONES	§	AND COMMUNITY AFFAIRS

FINAL ORDER OF DEBARMENT

General Remarks and official action taken:

On this 9th day of October, 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 Calvert Arms, Ltd., Lionel Sims, and Archie L. Jones (collectively, Respondents), for refusal to correct National Standards for the Physical Inspection of Real Estate (NSPIRE) deficiencies, a violation of 10 TAC §2.401(d)(4).

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 1992, Calvert Arms, Ltd. was awarded an allocation of Low Income Housing Tax Credits by the Board to build and operate Calvert Arms Apartments (HTC 92096 / CMTS 1064) (the Property).

2. Lionel Sims and Archie L. Jones are the general partners for Calvert Arms, Ltd. Each is considered to be a Responsible Party, as defined by 10 TAC §2.102.

3. Entities eligible for debarment by the Department include Responsible Parties, Consultants, and Vendors, under 10 TAC §2.401(a).

4. Respondents are subject to the regulatory authority of TDHCA and, for purposes of this debarment recommendation, Calvert Arms, Ltd, Lionel Sims, and Archie L. Jones are considered Responsible Parties.

Violations Subject To Debarment:

1. The Department conducted a National Standards for the Physical Inspection of Real Estate (NSPIRE) inspection on October 10, 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 January 13, 2025, but Respondent failed to submit corrections, and the TDHCA Compliance Division referred the noncompliance for an administrative penalty. No corrective documentation has been submitted to date. Respondent refused to correct the noncompliance, Mr. Sims waived his right to an informal conference, stating instead that he has abandoned the property, and Mr. Jones failed to respond to the notice of informal conference and failed to appear at the informal conference.

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.
3. Respondents violated 10 TAC §2.401(d)(4) by refusing to correct an NSPIRE deficiency.
4. Pursuant to 10 TAC §2.401(d)(4), refusal to correct an NSPIRE deficiency is considered a material violation of the LURA.
5. Pursuant to Tex. Gov't. Code §2306.0504(c), the Department shall debar a person from participation in a Department program 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.

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 any capacity for all programs administered by the Department for a **thirty-year term ending October 9, 2055**. This debarment does not prohibit Respondents from participating in any existing engagements funded through the Department where funds have already been awarded or allocated, 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.

Approved by the Governing Board of TDHCA on October 9th, 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 9th day of October, 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 9th day of October, 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 - NSPIRE Report

(560374)

Calvert Arms Apartments: (Multiple Units)

Results by Area

NSPIRE: Annual

Scheduled: 10/10/2024 Closed: Oct 10 2024 ID: 560374

Score: 53.8

Scoring Summary - NSPIRE

Units Inspected: 15 HUD Samp. Size: 11	Outside		Inside		Unit		Totals	
	#	Pts	#	Pts	#	Pts (Adj)	#	Pts
Life Threatening	0	0.00	0	0.00	5	20.00	5	20.00
Severe	0	0.00	0	0.00	8	7.89	8	7.89
Moderate	1	0.41	2	0.91	40	14.67	43	15.99
Low	2	0.36	1	0.20	11	1.76	14	2.32
Totals	3	0.77	3	1.11	64	44.32	70	46.20

Score	53.8* 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.

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

Inspection Results

Outside

1

Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts	Pts (Adj)	Fix By
Main Entry	Light Fixtures (Exterior)	A permanently installed light fixture is inoperable	Exterior light inop @ primary entry door; Unit 4	1	10/10/24 11:47 JM		Mod	0.41[3]		30D
Main Entry	Light Fixtures (Exterior)	A permanently installed light fixture is inoperable	Inop outside primary entry to Unit 7	2	10/10/24 12:02 JM		Mod	0.41[3]		30D

1 Outside NSPIRE Totals

Life Threatening: 0/0 Severe: 0/0 Moderate: 2/0.82 Low: 0/0

3

Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts	Pts (Adj)	Fix By
Side of Building	Site Drainage	Drainage is blocked, and water is unable to drain properly	Exterior of Unit 18	3	10/10/24 13:43 JM		Low	0.18		60D
Side of Building	Site Drainage	Erosion is present, and the footer is exposed.	Exterior of Unit 18	4	10/10/24 13:44 JM		Low	0.18		60D

3 Outside NSPIRE Totals

Life Threatening: 0/0 Severe: 0/0 Moderate: 0/0 Low: 2/0.36

Inspection Results (Continued)

Inside

Office / Clubhouse

Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts	Pts (Adj)	Fix By
Community Room	Cooking Appliance (BLDG)	A Stove Burner is Inoperable (with at least one operable burner)	Front right burner missing	5	10/10/24 15:17 JM		Mod	0.45		30D
Restrooms	Sink	Sink stopper damaged, inoperable, or missing with evidence of prior installation	Stopper missing men's room sink	6	10/10/24 15:21 JM		Low	0.20		60D
Restrooms	Toilet (BLDG)	Toilet is damaged or inoperable (common area)	Women's room toilet no flush	7	10/10/24 15:20 JM		Mod	0.45		30D

Office / Clubhouse Inside NSPIRE Totals

Life Threatening: 0/0 Severe: 0/0 Moderate: 2/0.91 Low: 1/0.2

Unit

1: Unit 01

Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts	Pts (Adj)	Fix By
Bathroom 1	Sink	Sink stopper damaged, inoperable, or missing with evidence of prior installation		8	10/10/24 10:49 JM		Low	0.22	0.16	60D
Bathroom 1	Toilet	Toilet is not secured at base/loose	Toilet detachment @ base	10	10/10/24 10:44 JM		Mod	0.50	0.37	30D
Bathroom 1	Toilet	Toilet components are damaged but overall functional	Extensive water leakage observed @ base of toilet.	9	10/10/24 10:47 JM		Low	0.22	0.16	60D

1: Unit 01 Unit NSPIRE Totals

Life Threatening: 0/0 Severe: 0/0 Moderate: 1/0.37 Low: 2/0.32

1: Unit 02

Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts	Pts (Adj)	Fix By
Entire Unit	No Issues/Violations	Not Inspected - Key Does Not Work			10/10/24 15:52			0.00[1]	0.00[1]	

1: Unit 02 Unit NSPIRE Totals

Life Threatening: 0/0 Severe: 0/0 Moderate: 0/0 Low: 0/0

1: Unit 03

Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts	Pts (Adj)	Fix By
Bathroom 1	Toilet	Toilet components are damaged but overall functional	Leakage observed @ base	11	10/10/24 11:02 JM		Low	0.22	0.16	60D
Bedroom 1	Smoke Alarms	Wall-mounted smoke alarm more than 12in. from a ceiling	More than 12" from ceiling	12	10/10/24 11:00 JM		LT	0.00[1]	0.00[1]	24H
Closet/Storage Area	Water Heater	Pressure relief valve discharge piping is missing		13	10/10/24 11:03 JM		Mod	0.50	0.37	30D
Kitchen	Conductors, Outlets, Switches	Improperly wired or grounded outlet	Right side outlet has hot / neutral reversed @ kitchen countertop	14	10/10/24 11:09 JM		Severe	1.35	0.99	24H

1: Unit 03 Unit NSPIRE Totals

Life Threatening: 1/0 Severe: 1/0.99 Moderate: 1/0.37 Low: 1/0.16

1: Unit 04

Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts	Pts (Adj)	Fix By
Bathroom 1	Infestation	Evidence of cockroaches (Live, Dead, or Other Evidence)	Roaches observed in bathroom	15	10/10/24 11:21 JM		Mod	0.50	0.37	30D
Bathroom 1	Sink	Sink stopper damaged, inoperable, or missing with evidence of prior installation	Missing @ bathroom sink	16	10/10/24 11:20 JM		Low	0.22	0.16	60D
Bedroom 1	Door – General	A passage door component is damaged/missing/inoperable	Bedroom door lock will not secure	17	10/10/24 11:24 JM		Low	0.22	0.16	60D

[1]Non-Scoring [2]Temporary Non-Scoring [3]Repeat finding within the area (only 1-scored) *Note: Unit points adjusted to reflect the actual unit count

Inspection Results (Continued)

1: Unit 04 (Continued)

Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts	Pts (Adj)	Fix By
Bedroom 1	Smoke Alarms	Wall-mounted smoke alarm more than 12in. from a ceiling	Bedroom wall	18	10/10/24 11:23 JM		LT	0.00[1]	0.00[1]	24H
Hallways & Corridors	Smoke Alarms	Wall-mounted smoke alarm more than 12in. from a ceiling	Behind hutch outside of bathroom door	19	10/10/24 11:22 JM		LT	0.00[1]	0.00[1]	24H
Kitchen	Refrigerator	Refrigerator door seal is damaged	Refrigerator door seal damaged @ bottom	20	10/10/24 11:17 JM		Mod	0.50	0.37	30D
Main Entry	Door – Fire Labeled	Fire-labeled door seal or gasket is damaged or missing		21	10/10/24 11:12 JM		Severe	0.00[2]	0.00[2]	24H

1: Unit 04 Unit NSPIRE Totals

Life Threatening: 2/0 Severe: 1/0 Moderate: 2/0.73 Low: 2/0.32

1: Unit 05

Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts	Pts (Adj)	Fix By
Bedroom 1	Smoke Alarms	Wall-mounted smoke alarm more than 12in. from a ceiling	Bedroom 1	22	10/10/24 11:42 JM		LT	0.00[1]	0.00[1]	24H
Closet/Storage Area	Flammables or Combustibles	Combustible/Flammables material is on or within 3 feet of a fuel burning Water Heater	Flammable materials stored on top of water heater	23	10/10/24 11:41 JM		LT	5.45	4.00	24H
Closet/Storage Area	Water Heater	Pressure relief valve discharge piping is missing	Piping missing; bathroom closet	24	10/10/24 11:42 JM		Mod	0.50	0.37	30D
Hallways & Corridors	Smoke Alarms	Wall-mounted smoke alarm more than 12in. from a ceiling	Outside of bathroom	25	10/10/24 11:42 JM		LT	0.00[1]	0.00[1]	24H
Kitchen	Ceiling Covering and Finishes	Ceiling has signs of structural failure (cracking, small circles, blisters, or nail pops)	Kitchen ceiling; with 1 inch penetrating hole	26	10/10/24 11:42 JM		Mod	0.50[3]	0.37[3]	30D
Living Room	Ceiling Covering and Finishes	Ceiling has signs of structural failure (cracking, small circles, blisters, or nail pops)	Living room ceiling has surface deterioration and suspected water damage.	27	10/10/24 11:42 JM		Mod	0.50[3]	0.37[3]	30D

1: Unit 05 Unit NSPIRE Totals

Life Threatening: 3/4 Severe: 0/0 Moderate: 3/1.1 Low: 0/0

1: Unit 06

Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts	Pts (Adj)	Fix By
Bathroom 1	Bathtub/Shower	Bath/Shower component is damaged, missing, or inoperable not limiting personal hygiene	Tub faucet loose / detached	28	10/10/24 11:54 JM		Low	0.22	0.16	60D
Bathroom 1	Toilet	Toilet is not secured at base/loose	Toilet not secure to floor	30	10/10/24 11:52 JM		Mod	0.50	0.37	30D
Bathroom 1	Toilet	Toilet is damaged or inoperable (only toilet in unit)	Toilet inoperable	29	10/10/24 11:54 JM		Severe	1.35	0.99	24H
Bedroom 1	Smoke Alarms	Wall-mounted smoke alarm more than 12in. from a ceiling		31	10/10/24 11:56 JM		LT	0.00[1]	0.00[1]	24H
Hallways & Corridors	Smoke Alarms	Wall-mounted smoke alarm more than 12in. from a ceiling	Hall outside bedroom	32	10/10/24 11:57 JM		LT	0.00[1]	0.00[1]	24H

1: Unit 06 Unit NSPIRE Totals

Life Threatening: 2/0 Severe: 1/0.99 Moderate: 1/0.37 Low: 1/0.16

1: Unit 07

Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts	Pts (Adj)	Fix By
Alternate Location - See Notes for Details	Mold-Like Substances	Elevated moisture level in a unit	Throughout entire unit	33	10/10/24 12:17 JM		Mod	0.50	0.37	30D
Bathroom 1	Bathtub/Shower	Bath/Shower component is damaged, missing, or inoperable not limiting personal hygiene	Tub faucet leaking	34	10/10/24 12:15 JM		Low	0.22	0.16	60D

[1]Non-Scoring [2]Temporary Non-Scoring [3]Repeat finding within the area (only 1-scored) *Note: Unit points adjusted to reflect the actual unit count

Inspection Results (Continued)

1: Unit 07 (Continued)

Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts	Pts (Adj)	Fix By
Bathroom 1	Door – General	A passage door component is damaged/missing/inoperable	Bathroom door will not close	35	10/10/24 12:19 JM		Low	0.22[3]	0.16[3]	60D
Bathroom 1	Mold-Like Substances	Moisture damage on a surface from 4 Sq. In. to 1 S.F.(Units)	Bathroom next to toilet	37	10/10/24 12:13 JM		Mod	0.50	0.37	30D
Bathroom 1	Mold-Like Substances	Moisture damage on a surface from 1 to 9 S.F. (Units)	Bathroom wall between toilet and tub	36	10/10/24 12:16 JM		Severe	1.35[3]	0.99[3]	24H
Bathroom 1	Toilet	Toilet is damaged or inoperable (only toilet in unit)	Toilet inop	38	10/10/24 12:12 JM		Severe	1.35	0.99	24H
Bedroom 1	Door – General	A passage door component is damaged/missing/inoperable	Door lock inop @ bedroom 1	39	10/10/24 12:05 JM		Low	0.22[3]	0.16[3]	60D
Bedroom 1	Floor Covering and Finishes	General Comment	Bedroom flooded with water from bathroom toilet; carpet & flooring soaked	40	10/10/24 12:09 JM			0.00[1]	0.00[1]	
Bedroom 1	Smoke Alarms	Wall-mounted smoke alarm more than 12in. from a ceiling	More than 12" from ceiling, bedroom	41	10/10/24 12:11 JM		LT	0.00[1]	0.00[1]	24H
Closet/Storage Area	Water Heater	Pressure relief valve discharge piping is missing	Piping missing	42	10/10/24 12:18 JM		Mod	0.50	0.37	30D
Hallways & Corridors	Mold-Like Substances	Moisture damage on a surface from 1 to 9 S.F. (Units)	Mold like substance observed outside bedroom 1; above baseboard	43	10/10/24 12:20 JM		Severe	1.35[3]	0.99[3]	24H
Hallways & Corridors	Smoke Alarms	Wall-mounted smoke alarm more than 12in. from a ceiling	Detector more than 12" from ceiling; between bedroom and bathroom	44	10/10/24 12:10 JM		LT	0.00[1]	0.00[1]	24H

1: Unit 07 Unit NSPIRE Totals

Life Threatening: 2/0 Severe: 3/2.96 Moderate: 3/1.1 Low: 3/0.48

1: Unit 08

Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts	Pts (Adj)	Fix By
Bedroom 1	Smoke Alarms	Wall-mounted smoke alarm more than 12in. from a ceiling	Bedroom 1	45	10/10/24 12:33 JM		LT	0.00[1]	0.00[1]	24H
Bedroom 2	Smoke Alarms	Wall-mounted smoke alarm more than 12in. from a ceiling	Bedroom 2	46	10/10/24 12:36 JM		LT	0.00[1]	0.00[1]	24H
Hallways & Corridors	Light Fixtures (Interior)	A permanently installed light fixture is inoperable	Lamp outside of bedroom 2 inop	47	10/10/24 12:34 JM		Mod	0.50	0.37	30D
Hallways & Corridors	Smoke Alarms	Wall-mounted smoke alarm more than 12in. from a ceiling	Between bedrooms 1 and 2	48	10/10/24 12:34 JM		LT	0.00[1]	0.00[1]	24H
Kitchen	Cooking Appliance	A Stove Burner is Inoperable (with at least one operable burner)	Front right burner inop	49	10/10/24 12:30 JM		Mod	0.50	0.37	30D
Main Entry	Door Surface - Entry (non-fire)	Gap of 1/4" around door seal/gasket & light penetration	Light showing @ bottom of door sweep	51	10/10/24 12:28 JM		Mod	0.50	0.37	30D
Main Entry	Door – Fire Labeled	Fire-labeled door seal or gasket is damaged or missing	Primary entry	50	10/10/24 12:25 JM		Severe	0.00[2]	0.00[2]	24H

1: Unit 08 Unit NSPIRE Totals

Life Threatening: 3/0 Severe: 1/0 Moderate: 3/1.1 Low: 0/0

3: Unit 17

Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts	Pts (Adj)	Fix By
Bathroom 1	Wall Covering and Finish – Interior	Wall has a loose or detached surface covering	Edge of surround near shower head	52	10/10/24 13:03 JM		Mod	0.50[3]	0.37[3]	30D
Bedroom 1	Smoke Alarms	Wall-mounted smoke alarm more than 12in. from a ceiling	Bedroom 1	53	10/10/24 13:07 JM		LT	0.00[1]	0.00[1]	24H
Closet/Storage Area	Water Heater	Pressure relief valve discharge piping is missing	Piping missing	54	10/10/24 13:01 JM		Mod	0.50	0.37	30D

[1]Non-Scoring [2]Temporary Non-Scoring [3]Repeat finding within the area (only 1-scored) *Note: Unit points adjusted to reflect the actual unit count

Inspection Results (Continued)

3: Unit 17 (Continued)

Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts	Pts (Adj)	Fix By
Hallways & Corridors	Smoke Alarms	Wall-mounted smoke alarm more than 12in. from a ceiling	No 12" between bathroom and bedroom	55	10/10/24 13:06 JM		LT	0.00[1]	0.00[1]	24H
Kitchen	Infestation	Evidence of cockroaches (Live, Dead, or Other Evidence)	Roaches observed at pantry	56	10/10/24 13:00 JM		Mod	0.50	0.37	30D
Kitchen	Refrigerator	Refrigerator door handle is damaged	Handle missing on top portion of refrigerator	57	10/10/24 12:59 JM		Mod	0.50	0.37	30D
Kitchen	Wall Covering and Finish – Interior	Wall has a loose or detached surface covering	Kitchen; above range	58	10/10/24 12:58 JM		Mod	0.50[3]	0.37[3]	30D
Living Room	Conductors, Outlets, Switches	Electrical conductor is not properly insulated/enclosed	Living room	59	10/10/24 12:56 JM		LT	5.45	4.00	24H
Main Entry	Door – Fire Labeled	Fire-labeled door seal or gasket is damaged or missing	Primary entry	60	10/10/24 12:53 JM		Severe	0.00[2]	0.00[2]	24H

3: Unit 17 Unit NSPIRE Totals

Life Threatening: 3/4 Severe: 1/0 Moderate: 5/1.83 Low: 0/0

3: Unit 18

Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts	Pts (Adj)	Fix By
Alternate Location - See Notes for Details	HVAC Equipment	Air conditioning system is not operational	No heating or AC	61	10/10/24 13:37 JM		Mod	0.50	0.37	30D
Bathroom 1	Infestation	Evidence of cockroaches (Live, Dead, or Other Evidence)	Roaches observed; bathroom	62	10/10/24 13:33 JM		Mod	0.50	0.37	30D
Bathroom 1	Toilet	Toilet is damaged or inoperable (only toilet in unit)	No flush	63	10/10/24 13:37 JM		Severe	1.35	0.99	24H
Bedroom 1	Smoke Alarms	Wall-mounted smoke alarm more than 12in. from a ceiling	Bedroom 1	64	10/10/24 13:28 JM		LT	0.00[1]	0.00[1]	24H
Bedroom 1	Wall Covering and Finish – Interior	Interior wall has hole greater than 2in.	Behind door, below panel box	65	10/10/24 13:28 JM		Mod	0.50	0.37	30D
Closet/Storage Area	Water Heater	Pressure relief valve discharge piping is missing	Piping missing	66	10/10/24 13:31 JM		Mod	0.50	0.37	30D
Hallways & Corridors	Light Fixtures (Interior)	A permanently installed light fixture is inoperable	Between bedroom and bathroom	67	10/10/24 13:30 JM		Mod	0.50	0.37	30D
Hallways & Corridors	Smoke Alarms	Wall-mounted smoke alarm more than 12in. from a ceiling	At hutch between bedroom and bathroom	68	10/10/24 13:26 JM		LT	0.00[1]	0.00[1]	24H
Kitchen	Conductors, Outlets, Switches	Gap of 1/2"+ in any high-voltage electrical apparatus	End of kitchen counter	69	10/10/24 13:22 JM		LT	5.45	4.00	24H
Kitchen	Cooking Appliance	A Stove Burner is Inoperable (with at least one operable burner)	Right front burner inop	70	10/10/24 13:24 JM		Mod	0.50	0.37	30D
Kitchen	Refrigerator	Refrigerator door seal is damaged	Bottom portion of door seal damaged	71	10/10/24 13:25 JM		Mod	0.50	0.37	30D
Kitchen	Tripping Hazard	Tripping hazard - 2in. horizontal separation	Transition strip from living room to kitchen	72	10/10/24 13:19 JM		Mod	0.50	0.37	30D
Living Room	Ceiling Covering and Finishes	Ceiling has signs of structural failure (cracking, small circles, blisters, or nail pops)	Kitchen and living room ceiling, water stains	73	10/10/24 13:16 JM		Mod	0.50	0.37	30D
Living Room	Wall Covering and Finish – Interior	Interior wall component(s) is not functionally adequate	Trim missing at left side of entry door	74	10/10/24 13:12 JM		Mod	0.50	0.37	30D

3: Unit 18 Unit NSPIRE Totals

Life Threatening: 3/4 Severe: 1/0.99 Moderate: 10/3.67 Low: 0/0

3: Unit 19

Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts	Pts (Adj)	Fix By
Bathroom 1	Sink	Sink stopper damaged, inoperable, or missing with evidence of prior installation	Stopper missing	75	10/10/24 13:51 JM		Low	0.22	0.16	60D
Bedroom 1	Smoke Alarms	Wall-mounted smoke alarm more than 12in. from a ceiling	Bedroom 1	76	10/10/24 13:49 JM		LT	0.00[1]	0.00[1]	24H

[1]Non-Scoring [2]Temporary Non-Scoring [3]Repeat finding within the area (only 1-scored) *Note: Unit points adjusted to reflect the actual unit count

Inspection Results (Continued)

3: Unit 19 (Continued)

Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts	Pts (Adj)	Fix By
Closet/Storage Area	Flammables or Combustibles	Combustible/Flammables material is on or within 3 feet of a fuel burning Water Heater	Improperly stored materials on top of water heater	77	10/10/24 13:53 JM		LT	5.45	4.00	24H
Closet/Storage Area	Water Heater	Pressure relief valve discharge piping is missing	No piping observed	78	10/10/24 13:52 JM		Mod	0.50	0.37	30D
Hallways & Corridors	Smoke Alarms	Wall-mounted smoke alarm more than 12in. from a ceiling	Between bedroom and bathroom	79	10/10/24 13:50 JM		LT	0.00[1]	0.00[1]	24H
Kitchen	Refrigerator	Refrigerator door handle is damaged	Missing	80	10/10/24 13:54 JM		Mod	0.50	0.37	30D
Living Room	Ceiling Covering and Finishes	Ceiling has sagging or dropping materials	Peeling at living room ceiling	81	10/10/24 13:47 JM		Severe	1.35	0.99	24H
Living Room	Infestation	Evidence of cockroaches (Live, Dead, or Other Evidence)	Roaches observed, living room	82	10/10/24 13:48 JM		Mod	0.50	0.37	30D

3: Unit 19 Unit NSPIRE Totals

Life Threatening: 3/4 Severe: 1/0.99 Moderate: 3/1.1 Low: 1/0.16

3: Unit 20

Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts	Pts (Adj)	Fix By
Bathroom 1	Cabinets/Vanity	General Comment	Extensive water damage and wood rot at bathroom cabinet near toilet	83	10/10/24 14:13 JM			0.00[1]	0.00[1]	
Bathroom 1	Ceiling Covering and Finishes	Ceiling has signs of structural failure (cracking, small circles, blisters, or nail pops)	Surface peeling / deterioration above toilet	84	10/10/24 14:15 JM		Mod	0.50	0.37	30D
Bathroom 1	Wall Covering and Finish – Interior	Interior wall has hole greater than 2in.	Behind bathroom door	85	10/10/24 14:11 JM		Mod	0.50	0.37	30D
Bedroom 1	Smoke Alarms	Wall-mounted smoke alarm more than 12in. from a ceiling	Bedroom 1	86	10/10/24 14:16 JM		LT	0.00[1]	0.00[1]	24H
Closet/Storage Area	Water Heater	Pressure relief valve terminates higher than 6in. or less than 2in. from the waste receptor flood level	Higher than 6"	87	10/10/24 14:10 JM		Mod	0.50	0.37	30D
Hallways & Corridors	Conductors, Outlets, Switches	Electrical conductor is not properly insulated/enclosed	Between bedroom and bathroom	88	10/10/24 14:08 JM		LT	5.45[3]	4.00[3]	24H
Hallways & Corridors	Conductors, Outlets, Switches	Electrical conductor is not properly insulated/enclosed	Switch plate cover missing; between bedroom and bathroom	89	10/10/24 14:09 JM		LT	5.45[3]	4.00[3]	24H
Hallways & Corridors	Smoke Alarms	Smoke alarm not installed outside a sleeping room	Between bathroom and bedroom	90	10/10/24 14:16 JM		LT	0.00[1]	0.00[1]	24H
Kitchen	Conductors, Outlets, Switches	Electrical conductor is not properly insulated/enclosed	Outlet cover missing; near pantry	91	10/10/24 14:07 JM		LT	5.45[3]	4.00[3]	24H
Kitchen	Conductors, Outlets, Switches	Electrical conductor is not properly insulated/enclosed	No switch plate cover observed; kitchen near pantry	92	10/10/24 14:08 JM		LT	5.45[3]	4.00[3]	24H
Kitchen	Infestation	Evidence of cockroaches (Live, Dead, or Other Evidence)	Kitchen sink	93	10/10/24 14:05 JM		Mod	0.50	0.37	30D
Living Room	Conductors, Outlets, Switches	Electrical conductor is not properly insulated/enclosed	Switch plate missing at entry	94	10/10/24 14:00 JM		LT	5.45[3]	4.00[3]	24H
Living Room	Conductors, Outlets, Switches	Electrical conductor is not properly insulated/enclosed	Outlet near front entry; missing cover plate	95	10/10/24 14:01 JM		LT	5.45[3]	4.00[3]	24H
Living Room	Conductors, Outlets, Switches	Electrical conductor is not properly insulated/enclosed	Outlet no cover plate	96	10/10/24 14:02 JM		LT	5.45[3]	4.00[3]	24H
Living Room	Conductors, Outlets, Switches	Electrical conductor is not properly insulated/enclosed	Outlet no cover plate; near kitchen	97	10/10/24 14:03 JM		LT	5.45[3]	4.00[3]	24H
Living Room	Conductors, Outlets, Switches	Electrical conductor is not properly insulated/enclosed	No outlet cover plate; next to closet	98	10/10/24 14:04 JM		LT	5.45[3]	4.00[3]	24H
Main Entry	Door – Fire Labeled	Fire-labeled door seal or gasket is damaged or missing	Primary entry	99	10/10/24 13:59 JM		Severe	0.00[2]	0.00[2]	24H

3: Unit 20 Unit NSPIRE Totals

Life Threatening: 11/36 Severe: 1/0 Moderate: 4/1.47 Low: 0/0

[1]Non-Scoring [2]Temporary Non-Scoring [3]Repeat finding within the area (only 1-scored) *Note: Unit points adjusted to reflect the actual unit count

Inspection Results (Continued)

3: Unit 21 Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts	Pts (Adj)	Fix By
Alternate Location - See Notes for Details	Infestation	Evidence of bedbugs in 2+ Locations (Extensive)	Bedbugs throughout unit	100	10/10/24 14:20 JM		Severe	1.35	0.99	24H

3: Unit 21 Unit NSPIRE Totals

Life Threatening: 0/0 Severe: 1/0.99 Moderate: 0/0 Low: 0/0

3: Unit 22 Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts	Pts (Adj)	Fix By
Alternate Location - See Notes for Details	Infestation	Evidence of bedbugs	Throughout unit	101	10/10/24 14:37 JM		Mod	0.50	0.37	30D
Bathroom 1	Wall Covering and Finish – Interior	Interior wall has hole greater than 2in.	Bathroom; outside of water heater closet	102	10/10/24 14:31 JM		Mod	0.50[3]	0.37[3]	30D
Bedroom 1	Smoke Alarms	Wall-mounted smoke alarm more than 12in. from a ceiling	Bedroom 1	103	10/10/24 14:28 JM		LT	0.00[1]	0.00[1]	24H
Bedroom 1	Wall Covering and Finish – Interior	Interior wall has hole greater than 2in.	Near bedroom door	104	10/10/24 14:28 JM		Mod	0.50[3]	0.37[3]	30D
Closet/Storage Area	Door – General	Closet door component is missing, damaged or inoperable	Storage closet at primary entry door; extensive damage to frame; will not open	105	10/10/24 14:25 JM		Low	0.22	0.16	60D
Closet/Storage Area	Water Heater	Pressure relief valve discharge piping is damaged, capped, has an upward slope, or is constructed of unsuitable material	Pipes upward	106	10/10/24 14:32 JM		Severe	1.35	0.99	24H
Hallways & Corridors	Smoke Alarms	Wall-mounted smoke alarm more than 12in. from a ceiling	Between bedroom and bathroom	107	10/10/24 14:29 JM		LT	0.00[1]	0.00[1]	24H
Hallways & Corridors	Wall Covering and Finish – Interior	Interior wall has hole greater than 2in.	Next to primary entry door	108	10/10/24 14:23 JM		Mod	0.50[3]	0.37[3]	30D
Living Room	Wall Covering and Finish – Interior	Wall has a loose or detached surface covering	Living entry to bathroom	109	10/10/24 14:35 JM		Mod	0.50	0.37	30D
Main Entry	Door – Fire Labeled	Fire-labeled door seal or gasket is damaged or missing	Gasket damaged main entry	110	10/10/24 14:21 JM		Severe	0.00[2]	0.00[2]	24H

3: Unit 22 Unit NSPIRE Totals

Life Threatening: 2/0 Severe: 2/0.99 Moderate: 5/1.83 Low: 1/0.16

3: Unit 23 Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts	Pts (Adj)	Fix By
Bathroom 1	Sink	Sink stopper damaged, inoperable, or missing with evidence of prior installation	Stopper missing	111	10/10/24 14:45 JM		Low	0.22	0.16	60D
Bedroom 1	Smoke Alarms	Wall-mounted smoke alarm more than 12in. from a ceiling	Bedroom 1	112	10/10/24 14:40 JM		LT	0.00[1]	0.00[1]	24H
Closet/Storage Area	Water Heater	Pressure relief valve discharge piping is missing	Piping missing	113	10/10/24 14:46 JM		Mod	0.50	0.37	30D
Hallways & Corridors	Smoke Alarms	Smoke alarm does not produce an audio or visual alarm when tested	Between bedroom and bathroom	114	10/10/24 14:41 JM		LT	0.00[1]	0.00[1]	24H
Hallways & Corridors	Smoke Alarms	Wall-mounted smoke alarm more than 12in. from a ceiling	Between bedroom and bathroom	115	10/10/24 14:42 JM		LT	0.00[1]	0.00[1]	24H
Kitchen	Refrigerator	Refrigerator door handle is damaged	Missing; top portion of refrigerator	116	10/10/24 14:47 JM		Mod	0.50	0.37	30D
Living Room	Ceiling Covering and Finishes	Ceiling has a hole 2in. or more in diameter	Living room	117	10/10/24 14:39 JM		Mod	0.50	0.37	30D

3: Unit 23 Unit NSPIRE Totals

Life Threatening: 3/0 Severe: 0/0 Moderate: 3/1.1 Low: 1/0.16

[1]Non-Scoring [2]Temporary Non-Scoring [3]Repeat finding within the area (only 1-scored) *Note: Unit points adjusted to reflect the actual unit count

Inspection Results (Continued)

3: Unit 24 Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts	Pts (Adj)	Fix By
Entire Unit	No Issues/Violations	Not Inspected - Key Does Not Work			10/10/24 19:55			0.00[1]	0.00[1]	

3: Unit 24 Unit NSPIRE Totals

Life Threatening: 0/0 Severe: 0/0 Moderate: 0/0 Low: 0/0

[1]Non-Scoring [2]Temporary Non-Scoring [3]Repeat finding within the area (only 1-scored) *Note: Unit points adjusted to reflect the actual unit count

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

To: TDHCA Governing Board

From: Robert "Bobby" Wilkinson, Executive Director

Date: October 9, 2025

Subject: Report to the Board

The Enforcement Committee has recommended an administrative penalty against Calvert Arms, Ltd. for noncompliance with its Land Use Restriction Agreement and the associated requirements, and has asked the Executive Director to issue a Report to the Board in order to initiate a contested case hearing before the State Office of Administrative Hearings ("SOAH") in accordance with TEX. GOV'T. CODE §2306.043 and 10 TAC §2.302(g). I have, in my capacity as Executive Director of the Department, made the following **PRELIMINARY DETERMINATIONS**:

I. JURISDICTION:

1. During 1992, Calvert Arms, Ltd. was awarded an allocation of Low Income Housing Tax Credits by the Board to build and operate Calvert Arms Apartments (Property) (HTC 92096 / CMTS 1064).

2. Respondent signed a land use restriction agreement (LURA) regarding the Property. The LURA was dated as of May 5, 1994, and filed of record on July 14, 1994, at Document Number 2100 in Volume 615, Page 496 of the Official Public Records of Real Property of Robertson County, Texas (Records), as amended by that first amendment dated as of July 12, 1994, and filed of record on July 14, 1994 at Document Number 2101 in Volume 615, Page 503 of the Records, as further amended by that second amendment dated as of October 30, 2019, and filed of record on October 31, 2019, at Document Number 20193600 in Volume 1389, Page 792 of the Records. In accordance with Section 2 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 is subject to the regulatory authority of TDHCA.

II. COMPLIANCE VIOLATIONS:

1. The Department conducted a National Standards for the Physical Inspection of Real Estate (NSPIRE) inspection on October 10, 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 January 13, 2025, but Respondent failed to submit corrections, and the TDHCA Compliance Division referred the noncompliance for an administrative penalty. No corrective documentation has been submitted to date.
2. All violations listed above are considered unresolved at the time of this Notice.

III. LAW/RULE VIOLATIONS:

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 §10.621 in 2024, by failing to comply with NSPIRE when major violations were discovered and not timely corrected.

7. 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.

8. 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.

9. 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.

IV. RECOMMENDED ADMINISTRATIVE PENALTY:

The maximum administrative penalty is appropriate under the administrative penalty table at Figure 2 at 10 TAC §2.302(k) and the statutory factors identified at TEX. GOV'T. CODE §2306.042. As of the Board meeting date, the maximum administrative penalty is $497,475.00, including a base amount of $39,875.00 plus daily accrual of $457,600.00. The daily accrual figure is composed of an additional optional $100.00 per day for each of the 52 uncorrected life threatening or severe deficiencies that remained uncorrected six months from the corrective action deadline. That optional daily accrual began on July 13, 2025, six months after the January 13, 2025, corrective action deadline passed.

Accordingly, after consideration of the factors set out in TEX. GOV'T CODE 2306.042 and 10 TAC § 2, I recommend that Respondent correct the outstanding NSPIRE violations listed in the attachments or pay an administrative penalty in the amount of $497,475.00 as of October 9, 2025, plus an additional daily accrual of $5,200.00 per day if the case is not settled. The Department recognizes that there are mitigating factors for this property, and the Notice of Violation to be issued within 14 days of this Report to the Board will therefore include an offer for an Agreed Final Order to correct all noncompliance or pay $497,475.00 within twenty days of receipt of the Notice of Violation. In the event that this matter proceeds to a contested case hearing, the Department will seek $497,475.00 as of October 9, 2025, plus the additional daily accrual of $5,200.00 through the date that the case is referred to the State Office of Administrative Hearings.

Exhibit 1 - NSPIRE Report

(560374)

Calvert Arms Apartments: (Multiple Units)

Results by Area

NSPIRE: Annual

Scheduled: 10/10/2024 Closed: Oct 10 2024 ID: 560374

Score: 53.8

Scoring Summary - NSPIRE

Units Inspected: 15 HUD Samp. Size: 11	Outside		Inside		Unit		Totals	
	#	Pts	#	Pts	#	Pts (Adj)	#	Pts
Life Threatening	0	0.00	0	0.00	5	20.00	5	20.00
Severe	0	0.00	0	0.00	8	7.89	8	7.89
Moderate	1	0.41	2	0.91	40	14.67	43	15.99
Low	2	0.36	1	0.20	11	1.76	14	2.32
Totals	3	0.77	3	1.11	64	44.32	70	46.20

Score	53.8*	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.

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

Inspection Results

Outside

1

Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts	Pts (Adj)	Fix By
Main Entry	Light Fixtures (Exterior)	A permanently installed light fixture is inoperable	Exterior light inop @ primary entry door; Unit 4	1	10/10/24 11:47 JM		Mod	0.41[3]		30D
Main Entry	Light Fixtures (Exterior)	A permanently installed light fixture is inoperable	Inop outside primary entry to Unit 7	2	10/10/24 12:02 JM		Mod	0.41[3]		30D

1 Outside NSPIRE Totals

Life Threatening: 0/0 Severe: 0/0 Moderate: 2/0.82 Low: 0/0

3

Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts	Pts (Adj)	Fix By
Side of Building	Site Drainage	Drainage is blocked, and water is unable to drain properly	Exterior of Unit 18	3	10/10/24 13:43 JM		Low	0.18		60D
Side of Building	Site Drainage	Erosion is present, and the footer is exposed.	Exterior of Unit 18	4	10/10/24 13:44 JM		Low	0.18		60D

3 Outside NSPIRE Totals

Life Threatening: 0/0 Severe: 0/0 Moderate: 0/0 Low: 2/0.36

Inspection Results (Continued)

Inside

Office / Clubhouse

Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts	Pts (Adj)	Fix By
Community Room	Cooking Appliance (BLDG)	A Stove Burner is Inoperable (with at least one operable burner)	Front right burner missing	5	10/10/24 15:17 JM		Mod	0.45		30D
Restrooms	Sink	Sink stopper damaged, inoperable, or missing with evidence of prior installation	Stopper missing men's room sink	6	10/10/24 15:21 JM		Low	0.20		60D
Restrooms	Toilet (BLDG)	Toilet is damaged or inoperable (common area)	Women's room toilet no flush	7	10/10/24 15:20 JM		Mod	0.45		30D

Office / Clubhouse Inside NSPIRE Totals

Life Threatening: 0/0 Severe: 0/0 Moderate: 2/0.91 Low: 1/0.2

Unit

1: Unit 01

Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts	Pts (Adj)	Fix By
Bathroom 1	Sink	Sink stopper damaged, inoperable, or missing with evidence of prior installation		8	10/10/24 10:49 JM		Low	0.22	0.16	60D
Bathroom 1	Toilet	Toilet is not secured at base/loose	Toilet detachment @ base	10	10/10/24 10:44 JM		Mod	0.50	0.37	30D
Bathroom 1	Toilet	Toilet components are damaged but overall functional	Extensive water leakage observed @ base of toilet.	9	10/10/24 10:47 JM		Low	0.22	0.16	60D

1: Unit 01 Unit NSPIRE Totals

Life Threatening: 0/0 Severe: 0/0 Moderate: 1/0.37 Low: 2/0.32

1: Unit 02

Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts	Pts (Adj)	Fix By
Entire Unit	No Issues/Violations	Not Inspected - Key Does Not Work			10/10/24 15:52			0.00[1]	0.00[1]	

1: Unit 02 Unit NSPIRE Totals

Life Threatening: 0/0 Severe: 0/0 Moderate: 0/0 Low: 0/0

1: Unit 03

Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts	Pts (Adj)	Fix By
Bathroom 1	Toilet	Toilet components are damaged but overall functional	Leakage observed @ base	11	10/10/24 11:02 JM		Low	0.22	0.16	60D
Bedroom 1	Smoke Alarms	Wall-mounted smoke alarm more than 12in. from a ceiling	More than 12" from ceiling	12	10/10/24 11:00 JM		LT	0.00[1]	0.00[1]	24H
Closet/Storage Area	Water Heater	Pressure relief valve discharge piping is missing		13	10/10/24 11:03 JM		Mod	0.50	0.37	30D
Kitchen	Conductors, Outlets, Switches	Improperly wired or grounded outlet	Right side outlet has hot / neutral reversed @ kitchen countertop	14	10/10/24 11:09 JM		Severe	1.35	0.99	24H

1: Unit 03 Unit NSPIRE Totals

Life Threatening: 1/0 Severe: 1/0.99 Moderate: 1/0.37 Low: 1/0.16

1: Unit 04

Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts	Pts (Adj)	Fix By
Bathroom 1	Infestation	Evidence of cockroaches (Live, Dead, or Other Evidence)	Roaches observed in bathroom	15	10/10/24 11:21 JM		Mod	0.50	0.37	30D
Bathroom 1	Sink	Sink stopper damaged, inoperable, or missing with evidence of prior installation	Missing @ bathroom sink	16	10/10/24 11:20 JM		Low	0.22	0.16	60D
Bedroom 1	Door – General	A passage door component is damaged/missing/inoperable	Bedroom door lock will not secure	17	10/10/24 11:24 JM		Low	0.22	0.16	60D

[1]Non-Scoring [2]Temporary Non-Scoring [3]Repeat finding within the area (only 1-scored) *Note: Unit points adjusted to reflect the actual unit count

Inspection Results (Continued)

1: Unit 04 (Continued)

Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts	Pts (Adj)	Fix By
Bedroom 1	Smoke Alarms	Wall-mounted smoke alarm more than 12in. from a ceiling	Bedroom wall	18	10/10/24 11:23 JM		LT	0.00[1]	0.00[1]	24H
Hallways & Corridors	Smoke Alarms	Wall-mounted smoke alarm more than 12in. from a ceiling	Behind hutch outside of bathroom door	19	10/10/24 11:22 JM		LT	0.00[1]	0.00[1]	24H
Kitchen	Refrigerator	Refrigerator door seal is damaged	Refrigerator door seal damaged @ bottom	20	10/10/24 11:17 JM		Mod	0.50	0.37	30D
Main Entry	Door – Fire Labeled	Fire-labeled door seal or gasket is damaged or missing		21	10/10/24 11:12 JM		Severe	0.00[2]	0.00[2]	24H

1: Unit 04 Unit NSPIRE Totals

Life Threatening: 2/0 Severe: 1/0 Moderate: 2/0.73 Low: 2/0.32

1: Unit 05

Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts	Pts (Adj)	Fix By
Bedroom 1	Smoke Alarms	Wall-mounted smoke alarm more than 12in. from a ceiling	Bedroom 1	22	10/10/24 11:42 JM		LT	0.00[1]	0.00[1]	24H
Closet/Storage Area	Flammables or Combustibles	Combustible/Flammables material is on or within 3 feet of a fuel burning Water Heater	Flammable materials stored on top of water heater	23	10/10/24 11:41 JM		LT	5.45	4.00	24H
Closet/Storage Area	Water Heater	Pressure relief valve discharge piping is missing	Piping missing; bathroom closet	24	10/10/24 11:42 JM		Mod	0.50	0.37	30D
Hallways & Corridors	Smoke Alarms	Wall-mounted smoke alarm more than 12in. from a ceiling	Outside of bathroom	25	10/10/24 11:42 JM		LT	0.00[1]	0.00[1]	24H
Kitchen	Ceiling Covering and Finishes	Ceiling has signs of structural failure (cracking, small circles, blisters, or nail pops)	Kitchen ceiling; with 1 inch penetrating hole	26	10/10/24 11:42 JM		Mod	0.50[3]	0.37[3]	30D
Living Room	Ceiling Covering and Finishes	Ceiling has signs of structural failure (cracking, small circles, blisters, or nail pops)	Living room ceiling has surface deterioration and suspected water damage.	27	10/10/24 11:42 JM		Mod	0.50[3]	0.37[3]	30D

1: Unit 05 Unit NSPIRE Totals

Life Threatening: 3/4 Severe: 0/0 Moderate: 3/1.1 Low: 0/0

1: Unit 06

Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts	Pts (Adj)	Fix By
Bathroom 1	Bathtub/Shower	Bath/Shower component is damaged, missing, or inoperable not limiting personal hygiene	Tub faucet loose / detached	28	10/10/24 11:54 JM		Low	0.22	0.16	60D
Bathroom 1	Toilet	Toilet is not secured at base/loose	Toilet not secure to floor	30	10/10/24 11:52 JM		Mod	0.50	0.37	30D
Bathroom 1	Toilet	Toilet is damaged or inoperable (only toilet in unit)	Toilet inoperable	29	10/10/24 11:54 JM		Severe	1.35	0.99	24H
Bedroom 1	Smoke Alarms	Wall-mounted smoke alarm more than 12in. from a ceiling		31	10/10/24 11:56 JM		LT	0.00[1]	0.00[1]	24H
Hallways & Corridors	Smoke Alarms	Wall-mounted smoke alarm more than 12in. from a ceiling	Hall outside bedroom	32	10/10/24 11:57 JM		LT	0.00[1]	0.00[1]	24H

1: Unit 06 Unit NSPIRE Totals

Life Threatening: 2/0 Severe: 1/0.99 Moderate: 1/0.37 Low: 1/0.16

1: Unit 07

Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts	Pts (Adj)	Fix By
Alternate Location - See Notes for Details	Mold-Like Substances	Elevated moisture level in a unit	Throughout entire unit	33	10/10/24 12:17 JM		Mod	0.50	0.37	30D
Bathroom 1	Bathtub/Shower	Bath/Shower component is damaged, missing, or inoperable not limiting personal hygiene	Tub faucet leaking	34	10/10/24 12:15 JM		Low	0.22	0.16	60D

[1]Non-Scoring [2]Temporary Non-Scoring [3]Repeat finding within the area (only 1-scored) *Note: Unit points adjusted to reflect the actual unit count

Inspection Results (Continued)

1: Unit 07 (Continued)

Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts	Pts (Adj)	Fix By
Bathroom 1	Door – General	A passage door component is damaged/missing/inoperable	Bathroom door will not close	35	10/10/24 12:19 JM		Low	0.22[3]	0.16[3]	60D
Bathroom 1	Mold-Like Substances	Moisture damage on a surface from 4 Sq. In. to 1 S.F.(Units)	Bathroom next to toilet	37	10/10/24 12:13 JM		Mod	0.50	0.37	30D
Bathroom 1	Mold-Like Substances	Moisture damage on a surface from 1 to 9 S.F. (Units)	Bathroom wall between toilet and tub	36	10/10/24 12:16 JM		Severe	1.35[3]	0.99[3]	24H
Bathroom 1	Toilet	Toilet is damaged or inoperable (only toilet in unit)	Toilet inop	38	10/10/24 12:12 JM		Severe	1.35	0.99	24H
Bedroom 1	Door – General	A passage door component is damaged/missing/inoperable	Door lock inop @ bedroom 1	39	10/10/24 12:05 JM		Low	0.22[3]	0.16[3]	60D
Bedroom 1	Floor Covering and Finishes	General Comment	Bedroom flooded with water from bathroom toilet; carpet & flooring soaked	40	10/10/24 12:09 JM			0.00[1]	0.00[1]	
Bedroom 1	Smoke Alarms	Wall-mounted smoke alarm more than 12in. from a ceiling	More than 12" from ceiling, bedroom	41	10/10/24 12:11 JM		LT	0.00[1]	0.00[1]	24H
Closet/Storage Area	Water Heater	Pressure relief valve discharge piping is missing	Piping missing	42	10/10/24 12:18 JM		Mod	0.50	0.37	30D
Hallways & Corridors	Mold-Like Substances	Moisture damage on a surface from 1 to 9 S.F. (Units)	Mold like substance observed outside bedroom 1; above baseboard	43	10/10/24 12:20 JM		Severe	1.35[3]	0.99[3]	24H
Hallways & Corridors	Smoke Alarms	Wall-mounted smoke alarm more than 12in. from a ceiling	Detector more than 12" from ceiling; between bedroom and bathroom	44	10/10/24 12:10 JM		LT	0.00[1]	0.00[1]	24H

1: Unit 07 Unit NSPIRE Totals

Life Threatening: 2/0 Severe: 3/2.96 Moderate: 3/1.1 Low: 3/0.48

1: Unit 08

Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts	Pts (Adj)	Fix By
Bedroom 1	Smoke Alarms	Wall-mounted smoke alarm more than 12in. from a ceiling	Bedroom 1	45	10/10/24 12:33 JM		LT	0.00[1]	0.00[1]	24H
Bedroom 2	Smoke Alarms	Wall-mounted smoke alarm more than 12in. from a ceiling	Bedroom 2	46	10/10/24 12:36 JM		LT	0.00[1]	0.00[1]	24H
Hallways & Corridors	Light Fixtures (Interior)	A permanently installed light fixture is inoperable	Lamp outside of bedroom 2 inop	47	10/10/24 12:34 JM		Mod	0.50	0.37	30D
Hallways & Corridors	Smoke Alarms	Wall-mounted smoke alarm more than 12in. from a ceiling	Between bedrooms 1 and 2	48	10/10/24 12:34 JM		LT	0.00[1]	0.00[1]	24H
Kitchen	Cooking Appliance	A Stove Burner is Inoperable (with at least one operable burner)	Front right burner inop	49	10/10/24 12:30 JM		Mod	0.50	0.37	30D
Main Entry	Door Surface - Entry (non-fire)	Gap of 1/4" around door seal/gasket & light penetration	Light showing @ bottom of door sweep	51	10/10/24 12:28 JM		Mod	0.50	0.37	30D
Main Entry	Door – Fire Labeled	Fire-labeled door seal or gasket is damaged or missing	Primary entry	50	10/10/24 12:25 JM		Severe	0.00[2]	0.00[2]	24H

1: Unit 08 Unit NSPIRE Totals

Life Threatening: 3/0 Severe: 1/0 Moderate: 3/1.1 Low: 0/0

3: Unit 17

Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts	Pts (Adj)	Fix By
Bathroom 1	Wall Covering and Finish – Interior	Wall has a loose or detached surface covering	Edge of surround near shower head	52	10/10/24 13:03 JM		Mod	0.50[3]	0.37[3]	30D
Bedroom 1	Smoke Alarms	Wall-mounted smoke alarm more than 12in. from a ceiling	Bedroom 1	53	10/10/24 13:07 JM		LT	0.00[1]	0.00[1]	24H
Closet/Storage Area	Water Heater	Pressure relief valve discharge piping is missing	Piping missing	54	10/10/24 13:01 JM		Mod	0.50	0.37	30D

[1]Non-Scoring [2]Temporary Non-Scoring [3]Repeat finding within the area (only 1-scored) *Note: Unit points adjusted to reflect the actual unit count

Inspection Results (Continued)

3: Unit 17 (Continued)

Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts	Pts (Adj)	Fix By
Hallways & Corridors	Smoke Alarms	Wall-mounted smoke alarm more than 12in. from a ceiling	No 12" between bathroom and bedroom	55	10/10/24 13:06 JM		LT	0.00[1]	0.00[1]	24H
Kitchen	Infestation	Evidence of cockroaches (Live, Dead, or Other Evidence)	Roaches observed at pantry	56	10/10/24 13:00 JM		Mod	0.50	0.37	30D
Kitchen	Refrigerator	Refrigerator door handle is damaged	Handle missing on top portion of refrigerator	57	10/10/24 12:59 JM		Mod	0.50	0.37	30D
Kitchen	Wall Covering and Finish – Interior	Wall has a loose or detached surface covering	Kitchen; above range	58	10/10/24 12:58 JM		Mod	0.50[3]	0.37[3]	30D
Living Room	Conductors, Outlets, Switches	Electrical conductor is not properly insulated/enclosed	Living room	59	10/10/24 12:56 JM		LT	5.45	4.00	24H
Main Entry	Door – Fire Labeled	Fire-labeled door seal or gasket is damaged or missing	Primary entry	60	10/10/24 12:53 JM		Severe	0.00[2]	0.00[2]	24H

3: Unit 17 Unit NSPIRE Totals

Life Threatening: 3/4 Severe: 1/0 Moderate: 5/1.83 Low: 0/0

3: Unit 18

Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts	Pts (Adj)	Fix By
Alternate Location - See Notes for Details	HVAC Equipment	Air conditioning system is not operational	No heating or AC	61	10/10/24 13:37 JM		Mod	0.50	0.37	30D
Bathroom 1	Infestation	Evidence of cockroaches (Live, Dead, or Other Evidence)	Roaches observed; bathroom	62	10/10/24 13:33 JM		Mod	0.50	0.37	30D
Bathroom 1	Toilet	Toilet is damaged or inoperable (only toilet in unit)	No flush	63	10/10/24 13:37 JM		Severe	1.35	0.99	24H
Bedroom 1	Smoke Alarms	Wall-mounted smoke alarm more than 12in. from a ceiling	Bedroom 1	64	10/10/24 13:28 JM		LT	0.00[1]	0.00[1]	24H
Bedroom 1	Wall Covering and Finish – Interior	Interior wall has hole greater than 2in.	Behind door, below panel box	65	10/10/24 13:28 JM		Mod	0.50	0.37	30D
Closet/Storage Area	Water Heater	Pressure relief valve discharge piping is missing	Piping missing	66	10/10/24 13:31 JM		Mod	0.50	0.37	30D
Hallways & Corridors	Light Fixtures (Interior)	A permanently installed light fixture is inoperable	Between bedroom and bathroom	67	10/10/24 13:30 JM		Mod	0.50	0.37	30D
Hallways & Corridors	Smoke Alarms	Wall-mounted smoke alarm more than 12in. from a ceiling	At hutch between bedroom and bathroom	68	10/10/24 13:26 JM		LT	0.00[1]	0.00[1]	24H
Kitchen	Conductors, Outlets, Switches	Gap of 1/2"+ in any high-voltage electrical apparatus	End of kitchen counter	69	10/10/24 13:22 JM		LT	5.45	4.00	24H
Kitchen	Cooking Appliance	A Stove Burner is Inoperable (with at least one operable burner)	Right front burner inop	70	10/10/24 13:24 JM		Mod	0.50	0.37	30D
Kitchen	Refrigerator	Refrigerator door seal is damaged	Bottom portion of door seal damaged	71	10/10/24 13:25 JM		Mod	0.50	0.37	30D
Kitchen	Tripping Hazard	Tripping hazard - 2in. horizontal separation	Transition strip from living room to kitchen	72	10/10/24 13:19 JM		Mod	0.50	0.37	30D
Living Room	Ceiling Covering and Finishes	Ceiling has signs of structural failure (cracking, small circles, blisters, or nail pops)	Kitchen and living room ceiling, water stains	73	10/10/24 13:16 JM		Mod	0.50	0.37	30D
Living Room	Wall Covering and Finish – Interior	Interior wall component(s) is not functionally adequate	Trim missing at left side of entry door	74	10/10/24 13:12 JM		Mod	0.50	0.37	30D

3: Unit 18 Unit NSPIRE Totals

Life Threatening: 3/4 Severe: 1/0.99 Moderate: 10/3.67 Low: 0/0

3: Unit 19

Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts	Pts (Adj)	Fix By
Bathroom 1	Sink	Sink stopper damaged, inoperable, or missing with evidence of prior installation	Stopper missing	75	10/10/24 13:51 JM		Low	0.22	0.16	60D
Bedroom 1	Smoke Alarms	Wall-mounted smoke alarm more than 12in. from a ceiling	Bedroom 1	76	10/10/24 13:49 JM		LT	0.00[1]	0.00[1]	24H

[1]Non-Scoring [2]Temporary Non-Scoring [3]Repeat finding within the area (only 1-scored) *Note: Unit points adjusted to reflect the actual unit count

Inspection Results (Continued)

3: Unit 19 (Continued)

Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts	Pts (Adj)	Fix By
Closet/Storage Area	Flammables or Combustibles	Combustible/Flammables material is on or within 3 feet of a fuel burning Water Heater	Improperly stored materials on top of water heater	77	10/10/24 13:53 JM		LT	5.45	4.00	24H
Closet/Storage Area	Water Heater	Pressure relief valve discharge piping is missing	No piping observed	78	10/10/24 13:52 JM		Mod	0.50	0.37	30D
Hallways & Corridors	Smoke Alarms	Wall-mounted smoke alarm more than 12in. from a ceiling	Between bedroom and bathroom	79	10/10/24 13:50 JM		LT	0.00[1]	0.00[1]	24H
Kitchen	Refrigerator	Refrigerator door handle is damaged	Missing	80	10/10/24 13:54 JM		Mod	0.50	0.37	30D
Living Room	Ceiling Covering and Finishes	Ceiling has sagging or dropping materials	Peeling at living room ceiling	81	10/10/24 13:47 JM		Severe	1.35	0.99	24H
Living Room	Infestation	Evidence of cockroaches (Live, Dead, or Other Evidence)	Roaches observed, living room	82	10/10/24 13:48 JM		Mod	0.50	0.37	30D

3: Unit 19 Unit NSPIRE Totals

Life Threatening: 3/4 Severe: 1/0.99 Moderate: 3/1.1 Low: 1/0.16

3: Unit 20

Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts	Pts (Adj)	Fix By
Bathroom 1	Cabinets/Vanity	General Comment	Extensive water damage and wood rot at bathroom cabinet near toilet	83	10/10/24 14:13 JM			0.00[1]	0.00[1]	
Bathroom 1	Ceiling Covering and Finishes	Ceiling has signs of structural failure (cracking, small circles, blisters, or nail pops)	Surface peeling / deterioration above toilet	84	10/10/24 14:15 JM		Mod	0.50	0.37	30D
Bathroom 1	Wall Covering and Finish – Interior	Interior wall has hole greater than 2in.	Behind bathroom door	85	10/10/24 14:11 JM		Mod	0.50	0.37	30D
Bedroom 1	Smoke Alarms	Wall-mounted smoke alarm more than 12in. from a ceiling	Bedroom 1	86	10/10/24 14:16 JM		LT	0.00[1]	0.00[1]	24H
Closet/Storage Area	Water Heater	Pressure relief valve terminates higher than 6in. or less than 2in. from the waste receptor flood level	Higher than 6"	87	10/10/24 14:10 JM		Mod	0.50	0.37	30D
Hallways & Corridors	Conductors, Outlets, Switches	Electrical conductor is not properly insulated/enclosed	Between bedroom and bathroom	88	10/10/24 14:08 JM		LT	5.45[3]	4.00[3]	24H
Hallways & Corridors	Conductors, Outlets, Switches	Electrical conductor is not properly insulated/enclosed	Switch plate cover missing; between bedroom and bathroom	89	10/10/24 14:09 JM		LT	5.45[3]	4.00[3]	24H
Hallways & Corridors	Smoke Alarms	Smoke alarm not installed outside a sleeping room	Between bathroom and bedroom	90	10/10/24 14:16 JM		LT	0.00[1]	0.00[1]	24H
Kitchen	Conductors, Outlets, Switches	Electrical conductor is not properly insulated/enclosed	Outlet cover missing; near pantry	91	10/10/24 14:07 JM		LT	5.45[3]	4.00[3]	24H
Kitchen	Conductors, Outlets, Switches	Electrical conductor is not properly insulated/enclosed	No switch plate cover observed; kitchen near pantry	92	10/10/24 14:08 JM		LT	5.45[3]	4.00[3]	24H
Kitchen	Infestation	Evidence of cockroaches (Live, Dead, or Other Evidence)	Kitchen sink	93	10/10/24 14:05 JM		Mod	0.50	0.37	30D
Living Room	Conductors, Outlets, Switches	Electrical conductor is not properly insulated/enclosed	Switch plate missing at entry	94	10/10/24 14:00 JM		LT	5.45[3]	4.00[3]	24H
Living Room	Conductors, Outlets, Switches	Electrical conductor is not properly insulated/enclosed	Outlet near front entry; missing cover plate	95	10/10/24 14:01 JM		LT	5.45[3]	4.00[3]	24H
Living Room	Conductors, Outlets, Switches	Electrical conductor is not properly insulated/enclosed	Outlet no cover plate	96	10/10/24 14:02 JM		LT	5.45[3]	4.00[3]	24H
Living Room	Conductors, Outlets, Switches	Electrical conductor is not properly insulated/enclosed	Outlet no cover plate; near kitchen	97	10/10/24 14:03 JM		LT	5.45[3]	4.00[3]	24H
Living Room	Conductors, Outlets, Switches	Electrical conductor is not properly insulated/enclosed	No outlet cover plate; next to closet	98	10/10/24 14:04 JM		LT	5.45[3]	4.00[3]	24H
Main Entry	Door – Fire Labeled	Fire-labeled door seal or gasket is damaged or missing	Primary entry	99	10/10/24 13:59 JM		Severe	0.00[2]	0.00[2]	24H

3: Unit 20 Unit NSPIRE Totals

Life Threatening: 11/36 Severe: 1/0 Moderate: 4/1.47 Low: 0/0

[1]Non-Scoring [2]Temporary Non-Scoring [3]Repeat finding within the area (only 1-scored) *Note: Unit points adjusted to reflect the actual unit count

Inspection Results (Continued)

3: Unit 21 Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts	Pts (Adj)	Fix By
Alternate Location - See Notes for Details	Infestation	Evidence of bedbugs in 2+ Locations (Extensive)	Bedbugs throughout unit	100	10/10/24 14:20 JM		Severe	1.35	0.99	24H

3: Unit 21 Unit NSPIRE Totals

Life Threatening: 0/0 Severe: 1/0.99 Moderate: 0/0 Low: 0/0

3: Unit 22 Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts	Pts (Adj)	Fix By
Alternate Location - See Notes for Details	Infestation	Evidence of bedbugs	Throughout unit	101	10/10/24 14:37 JM		Mod	0.50	0.37	30D
Bathroom 1	Wall Covering and Finish – Interior	Interior wall has hole greater than 2in.	Bathroom; outside of water heater closet	102	10/10/24 14:31 JM		Mod	0.50[3]	0.37[3]	30D
Bedroom 1	Smoke Alarms	Wall-mounted smoke alarm more than 12in. from a ceiling	Bedroom 1	103	10/10/24 14:28 JM		LT	0.00[1]	0.00[1]	24H
Bedroom 1	Wall Covering and Finish – Interior	Interior wall has hole greater than 2in.	Near bedroom door	104	10/10/24 14:28 JM		Mod	0.50[3]	0.37[3]	30D
Closet/Storage Area	Door – General	Closet door component is missing, damaged or inoperable	Storage closet at primary entry door; extensive damage to frame; will not open	105	10/10/24 14:25 JM		Low	0.22	0.16	60D
Closet/Storage Area	Water Heater	Pressure relief valve discharge piping is damaged, capped, has an upward slope, or is constructed of unsuitable material	Pipes upward	106	10/10/24 14:32 JM		Severe	1.35	0.99	24H
Hallways & Corridors	Smoke Alarms	Wall-mounted smoke alarm more than 12in. from a ceiling	Between bedroom and bathroom	107	10/10/24 14:29 JM		LT	0.00[1]	0.00[1]	24H
Hallways & Corridors	Wall Covering and Finish – Interior	Interior wall has hole greater than 2in.	Next to primary entry door	108	10/10/24 14:23 JM		Mod	0.50[3]	0.37[3]	30D
Living Room	Wall Covering and Finish – Interior	Wall has a loose or detached surface covering	Living entry to bathroom	109	10/10/24 14:35 JM		Mod	0.50	0.37	30D
Main Entry	Door – Fire Labeled	Fire-labeled door seal or gasket is damaged or missing	Gasket damaged main entry	110	10/10/24 14:21 JM		Severe	0.00[2]	0.00[2]	24H

3: Unit 22 Unit NSPIRE Totals

Life Threatening: 2/0 Severe: 2/0.99 Moderate: 5/1.83 Low: 1/0.16

3: Unit 23 Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts	Pts (Adj)	Fix By
Bathroom 1	Sink	Sink stopper damaged, inoperable, or missing with evidence of prior installation	Stopper missing	111	10/10/24 14:45 JM		Low	0.22	0.16	60D
Bedroom 1	Smoke Alarms	Wall-mounted smoke alarm more than 12in. from a ceiling	Bedroom 1	112	10/10/24 14:40 JM		LT	0.00[1]	0.00[1]	24H
Closet/Storage Area	Water Heater	Pressure relief valve discharge piping is missing	Piping missing	113	10/10/24 14:46 JM		Mod	0.50	0.37	30D
Hallways & Corridors	Smoke Alarms	Smoke alarm does not produce an audio or visual alarm when tested	Between bedroom and bathroom	114	10/10/24 14:41 JM		LT	0.00[1]	0.00[1]	24H
Hallways & Corridors	Smoke Alarms	Wall-mounted smoke alarm more than 12in. from a ceiling	Between bedroom and bathroom	115	10/10/24 14:42 JM		LT	0.00[1]	0.00[1]	24H
Kitchen	Refrigerator	Refrigerator door handle is damaged	Missing; top portion of refrigerator	116	10/10/24 14:47 JM		Mod	0.50	0.37	30D
Living Room	Ceiling Covering and Finishes	Ceiling has a hole 2in. or more in diameter	Living room	117	10/10/24 14:39 JM		Mod	0.50	0.37	30D

3: Unit 23 Unit NSPIRE Totals

Life Threatening: 3/0 Severe: 0/0 Moderate: 3/1.1 Low: 1/0.16

[1]Non-Scoring [2]Temporary Non-Scoring [3]Repeat finding within the area (only 1-scored) *Note: Unit points adjusted to reflect the actual unit count

Inspection Results (Continued)

3: Unit 24 Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts	Pts (Adj)	Fix By
Entire Unit	No Issues/Violations	Not Inspected - Key Does Not Work			10/10/24 19:55			0.00[1]	0.00[1]	

3: Unit 24 Unit NSPIRE Totals

Life Threatening: 0/0 Severe: 0/0 Moderate: 0/0 Low: 0/0

[1]Non-Scoring [2]Temporary Non-Scoring [3]Repeat finding within the area (only 1-scored) *Note: Unit points adjusted to reflect the actual unit count

ENFORCEMENT ACTION AGAINST	§	BEFORE THE
CALVERT ARMS, LTD.	§	TEXAS DEPARTMENT OF
WITH RESPECT TO	§	HOUSING AND COMMUNITY
CALVERT ARMS APARTMENTS	§	AFFAIRS
(HTC 92096 / CMTS 1064)	§	

AGREED FINAL ORDER

General Remarks and official action taken:

On this 9th day of October, 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 **CALVERT ARMS, LTD.,** a Texas limited partnership ("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. During 1992, Calvert Arms, Ltd. was awarded an allocation of Low Income Housing Tax Credits by the Board to build and operate Calvert Arms Apartments (Property) (HTC 92096 / CMTS 1064).

2. Respondent signed a land use restriction agreement (LURA) regarding the Property. The LURA was dated as of May 5, 1994, and filed of record on July 14, 1994, at Document Number 2100 in Volume 615, Page 496 of the Official Public Records of Real Property of Robertson County, Texas (Records), as amended by that first amendment dated as of July 12, 1994, and filed of record on July 14, 1994 at Document Number 2101 in Volume 615, Page 503 of the Records, as further amended by that second amendment dated as of October 30, 2019, and filed of record on October 31, 2019, at Document Number 20193600 in Volume 1389, Page 792 of the Records. In accordance with Section 2 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 is subject to the regulatory authority of TDHCA.

Compliance Violations[1]:

4. The Department conducted a National Standards for the Physical Inspection of Real Estate (NSPIRE) inspection on October 10, 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 January 13, 2025, but Respondent failed to submit corrections, and the TDHCA Compliance Division referred the noncompliance for an administrative penalty. No corrective documentation has been submitted to date.

5. All violations listed above are considered unresolved at the time of this Order.

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.

[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.

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 §10.621 in 2024, by failing to comply with NSPIRE when major violations were discovered and not timely corrected.

7. 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.

8. 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.

9. 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.

10. An administrative penalty of $497,475.00 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 $497,475.00.

IT IS FURTHER ORDERED that Respondent shall pay and is hereby directed to pay the full $497,475.00 administrative penalty by cashier's check payable to the "Texas Department of Housing and Community Affairs" within twenty calendar days of receiving the Notice of Violation to the following address:

If via overnight mail (FedEx, UPS):	**If via USPS:**
TDHCA Attn: Ysella Kaseman 221 E 11th St Austin, Texas 78701	TDHCA Attn: Ysella Kaseman P.O. Box 13941 Austin, Texas 78711

IT IS FURTHER ORDERED that Respondent shall repair all NSPIRE violations as indicated in the exhibits and submit work orders in the correct format, and including all necessary parts, to document the corrections to TDHCA within twenty calendar days of receiving the Notice of Violation.

IT IS FURTHER ORDERED that if Respondent timely and fully complies with the terms and conditions of this Agreed Final Order, correcting all violations as required, the satisfactory performance under this order will be accepted in lieu of the full assessed administrative penalty and the full amount of the administrative penalty will be deferred and forgiven. The Department may, at its discretion, reinspect to confirm full resolution, but this shall not substitute for the requirement to submit complete corrective documentation as directed in this Order.

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 full administrative penalty in the amount of $497,475.00 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 11th 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 October 9 , 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 9th day of October, 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 9th day of October, 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

STATE OF TEXAS §
§
COUNTY OF _____§

BEFORE ME, _____ *(notary name)*, a notary public in and for the State of _____ on this day personally appeared _____, known to me or proven to me through *circle one: personally known / driver's license / passport* 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, who being by me duly sworn, deposed as follows:

1. "My name is _____, I am of sound mind, capable of making this statement, and personally acquainted with the facts herein stated.
2. I hold the office of general partner for Respondent. I am the authorized representative of Respondent, owner of the Property, which is subject to a Land Use Restriction Agreement monitored by the TDHCA in the State of Texas, and I am duly authorized by Respondent to execute this document.
3. The Taxpayer ID for Respondent is _____.
4. The mailing address for Respondent is _____.
5. Respondent knowingly and voluntarily enters into this Agreed Final Order, and agrees with and consents to the issuance and service of the foregoing Agreed Order by the Governing Board of the Texas Department of Housing and Community Affairs."

RESPONDENT:

CALVERT ARMS, LTD., a Texas limited partnership

By: _____

Name: _____

Title: General Partner

Given under my hand and seal of office this _____ day of _____, 2025.

_____
Signature of Notary Public

_____
Printed Name of Notary Public

NOTARY PUBLIC IN AND FOR THE STATE OF _____
My Commission Expires:_____

Exhibit 1

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 upload[2] within twenty calendar days of receiving the Notice of Violation:

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.

[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.

(560374)

Calvert Arms Apartments: (Multiple Units)

Results by Area

NSPIRE: Annual

Scheduled: 10/10/2024 Closed: Oct 10 2024 ID: 560374

Score: 53.8

Scoring Summary - NSPIRE

Units Inspected: 15 HUD Samp. Size: 11	Outside		Inside		Unit		Totals	
	#	Pts	#	Pts	#	Pts (Adj)	#	Pts
Life Threatening	0	0.00	0	0.00	5	20.00	5	20.00
Severe	0	0.00	0	0.00	8	7.89	8	7.89
Moderate	1	0.41	2	0.91	40	14.67	43	15.99
Low	2	0.36	1	0.20	11	1.76	14	2.32
Totals	3	0.77	3	1.11	64	44.32	70	46.20

Score	53.8*	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.

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

Inspection Results

Outside

1

Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts	Pts (Adj)	Fix By
Main Entry	Light Fixtures (Exterior)	A permanently installed light fixture is inoperable	Exterior light inop @ primary entry door; Unit 4	1	10/10/24 11:47 JM		Mod	0.41[3]		30D
Main Entry	Light Fixtures (Exterior)	A permanently installed light fixture is inoperable	Inop outside primary entry to Unit 7	2	10/10/24 12:02 JM		Mod	0.41[3]		30D

1 Outside NSPIRE Totals

Life Threatening: 0/0 Severe: 0/0 Moderate: 2/0.82 Low: 0/0

3

Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts	Pts (Adj)	Fix By
Side of Building	Site Drainage	Drainage is blocked, and water is unable to drain properly	Exterior of Unit 18	3	10/10/24 13:43 JM		Low	0.18		60D
Side of Building	Site Drainage	Erosion is present, and the footer is exposed.	Exterior of Unit 18	4	10/10/24 13:44 JM		Low	0.18		60D

3 Outside NSPIRE Totals

Life Threatening: 0/0 Severe: 0/0 Moderate: 0/0 Low: 2/0.36

Inspection Results (Continued)

Inside

Office / Clubhouse

Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts	Pts (Adj)	Fix By
Community Room	Cooking Appliance (BLDG)	A Stove Burner is Inoperable (with at least one operable burner)	Front right burner missing	5	10/10/24 15:17 JM		Mod	0.45		30D
Restrooms	Sink	Sink stopper damaged, inoperable, or missing with evidence of prior installation	Stopper missing men's room sink	6	10/10/24 15:21 JM		Low	0.20		60D
Restrooms	Toilet (BLDG)	Toilet is damaged or inoperable (common area)	Women's room toilet no flush	7	10/10/24 15:20 JM		Mod	0.45		30D

Office / Clubhouse Inside NSPIRE Totals

Life Threatening: 0/0 Severe: 0/0 Moderate: 2/0.91 Low: 1/0.2

Unit

1: Unit 01

Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts	Pts (Adj)	Fix By
Bathroom 1	Sink	Sink stopper damaged, inoperable, or missing with evidence of prior installation		8	10/10/24 10:49 JM		Low	0.22	0.16	60D
Bathroom 1	Toilet	Toilet is not secured at base/loose	Toilet detachment @ base	10	10/10/24 10:44 JM		Mod	0.50	0.37	30D
Bathroom 1	Toilet	Toilet components are damaged but overall functional	Extensive water leakage observed @ base of toilet.	9	10/10/24 10:47 JM		Low	0.22	0.16	60D

1: Unit 01 Unit NSPIRE Totals

Life Threatening: 0/0 Severe: 0/0 Moderate: 1/0.37 Low: 2/0.32

1: Unit 02

Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts	Pts (Adj)	Fix By
Entire Unit	No Issues/Violations	Not Inspected - Key Does Not Work			10/10/24 15:52			0.00[1]	0.00[1]	

1: Unit 02 Unit NSPIRE Totals

Life Threatening: 0/0 Severe: 0/0 Moderate: 0/0 Low: 0/0

1: Unit 03

Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts	Pts (Adj)	Fix By
Bathroom 1	Toilet	Toilet components are damaged but overall functional	Leakage observed @ base	11	10/10/24 11:02 JM		Low	0.22	0.16	60D
Bedroom 1	Smoke Alarms	Wall-mounted smoke alarm more than 12in. from a ceiling	More than 12" from ceiling	12	10/10/24 11:00 JM		LT	0.00[1]	0.00[1]	24H
Closet/Storage Area	Water Heater	Pressure relief valve discharge piping is missing		13	10/10/24 11:03 JM		Mod	0.50	0.37	30D
Kitchen	Conductors, Outlets, Switches	Improperly wired or grounded outlet	Right side outlet has hot / neutral reversed @ kitchen countertop	14	10/10/24 11:09 JM		Severe	1.35	0.99	24H

1: Unit 03 Unit NSPIRE Totals

Life Threatening: 1/0 Severe: 1/0.99 Moderate: 1/0.37 Low: 1/0.16

1: Unit 04

Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts	Pts (Adj)	Fix By
Bathroom 1	Infestation	Evidence of cockroaches (Live, Dead, or Other Evidence)	Roaches observed in bathroom	15	10/10/24 11:21 JM		Mod	0.50	0.37	30D
Bathroom 1	Sink	Sink stopper damaged, inoperable, or missing with evidence of prior installation	Missing @ bathroom sink	16	10/10/24 11:20 JM		Low	0.22	0.16	60D
Bedroom 1	Door – General	A passage door component is damaged/missing/inoperable	Bedroom door lock will not secure	17	10/10/24 11:24 JM		Low	0.22	0.16	60D

[1]Non-Scoring [2]Temporary Non-Scoring [3]Repeat finding within the area (only 1-scored) *Note: Unit points adjusted to reflect the actual unit count

Inspection Results (Continued)

1: Unit 04 (Continued)

Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts	Pts (Adj)	Fix By
Bedroom 1	Smoke Alarms	Wall-mounted smoke alarm more than 12in. from a ceiling	Bedroom wall	18	10/10/24 11:23 JM		LT	0.00[1]	0.00[1]	24H
Hallways & Corridors	Smoke Alarms	Wall-mounted smoke alarm more than 12in. from a ceiling	Behind hutch outside of bathroom door	19	10/10/24 11:22 JM		LT	0.00[1]	0.00[1]	24H
Kitchen	Refrigerator	Refrigerator door seal is damaged	Refrigerator door seal damaged @ bottom	20	10/10/24 11:17 JM		Mod	0.50	0.37	30D
Main Entry	Door – Fire Labeled	Fire-labeled door seal or gasket is damaged or missing		21	10/10/24 11:12 JM		Severe	0.00[2]	0.00[2]	24H

1: Unit 04 Unit NSPIRE Totals

Life Threatening: 2/0 Severe: 1/0 Moderate: 2/0.73 Low: 2/0.32

1: Unit 05

Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts	Pts (Adj)	Fix By
Bedroom 1	Smoke Alarms	Wall-mounted smoke alarm more than 12in. from a ceiling	Bedroom 1	22	10/10/24 11:42 JM		LT	0.00[1]	0.00[1]	24H
Closet/Storage Area	Flammables or Combustibles	Combustible/Flammables material is on or within 3 feet of a fuel burning Water Heater	Flammable materials stored on top of water heater	23	10/10/24 11:41 JM		LT	5.45	4.00	24H
Closet/Storage Area	Water Heater	Pressure relief valve discharge piping is missing	Piping missing; bathroom closet	24	10/10/24 11:42 JM		Mod	0.50	0.37	30D
Hallways & Corridors	Smoke Alarms	Wall-mounted smoke alarm more than 12in. from a ceiling	Outside of bathroom	25	10/10/24 11:42 JM		LT	0.00[1]	0.00[1]	24H
Kitchen	Ceiling Covering and Finishes	Ceiling has signs of structural failure (cracking, small circles, blisters, or nail pops)	Kitchen ceiling; with 1 inch penetrating hole	26	10/10/24 11:42 JM		Mod	0.50[3]	0.37[3]	30D
Living Room	Ceiling Covering and Finishes	Ceiling has signs of structural failure (cracking, small circles, blisters, or nail pops)	Living room ceiling has surface deterioration and suspected water damage.	27	10/10/24 11:42 JM		Mod	0.50[3]	0.37[3]	30D

1: Unit 05 Unit NSPIRE Totals

Life Threatening: 3/4 Severe: 0/0 Moderate: 3/1.1 Low: 0/0

1: Unit 06

Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts	Pts (Adj)	Fix By
Bathroom 1	Bathtub/Shower	Bath/Shower component is damaged, missing, or inoperable not limiting personal hygiene	Tub faucet loose / detached	28	10/10/24 11:54 JM		Low	0.22	0.16	60D
Bathroom 1	Toilet	Toilet is not secured at base/loose	Toilet not secure to floor	30	10/10/24 11:52 JM		Mod	0.50	0.37	30D
Bathroom 1	Toilet	Toilet is damaged or inoperable (only toilet in unit)	Toilet inoperable	29	10/10/24 11:54 JM		Severe	1.35	0.99	24H
Bedroom 1	Smoke Alarms	Wall-mounted smoke alarm more than 12in. from a ceiling		31	10/10/24 11:56 JM		LT	0.00[1]	0.00[1]	24H
Hallways & Corridors	Smoke Alarms	Wall-mounted smoke alarm more than 12in. from a ceiling	Hall outside bedroom	32	10/10/24 11:57 JM		LT	0.00[1]	0.00[1]	24H

1: Unit 06 Unit NSPIRE Totals

Life Threatening: 2/0 Severe: 1/0.99 Moderate: 1/0.37 Low: 1/0.16

1: Unit 07

Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts	Pts (Adj)	Fix By
Alternate Location - See Notes for Details	Mold-Like Substances	Elevated moisture level in a unit	Throughout entire unit	33	10/10/24 12:17 JM		Mod	0.50	0.37	30D
Bathroom 1	Bathtub/Shower	Bath/Shower component is damaged, missing, or inoperable not limiting personal hygiene	Tub faucet leaking	34	10/10/24 12:15 JM		Low	0.22	0.16	60D

[1]Non-Scoring [2]Temporary Non-Scoring [3]Repeat finding within the area (only 1-scored) *Note: Unit points adjusted to reflect the actual unit count

Inspection Results (Continued)

1: Unit 07 (Continued)

Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts	Pts (Adj)	Fix By
Bathroom 1	Door – General	A passage door component is damaged/missing/inoperable	Bathroom door will not close	35	10/10/24 12:19 JM		Low	0.22[3]	0.16[3]	60D
Bathroom 1	Mold-Like Substances	Moisture damage on a surface from 4 Sq. In. to 1 S.F.(Units)	Bathroom next to toilet	37	10/10/24 12:13 JM		Mod	0.50	0.37	30D
Bathroom 1	Mold-Like Substances	Moisture damage on a surface from 1 to 9 S.F. (Units)	Bathroom wall between toilet and tub	36	10/10/24 12:16 JM		Severe	1.35[3]	0.99[3]	24H
Bathroom 1	Toilet	Toilet is damaged or inoperable (only toilet in unit)	Toilet inop	38	10/10/24 12:12 JM		Severe	1.35	0.99	24H
Bedroom 1	Door – General	A passage door component is damaged/missing/inoperable	Door lock inop @ bedroom 1	39	10/10/24 12:05 JM		Low	0.22[3]	0.16[3]	60D
Bedroom 1	Floor Covering and Finishes	General Comment	Bedroom flooded with water from bathroom toilet; carpet & flooring soaked	40	10/10/24 12:09 JM			0.00[1]	0.00[1]	
Bedroom 1	Smoke Alarms	Wall-mounted smoke alarm more than 12in. from a ceiling	More than 12" from ceiling, bedroom	41	10/10/24 12:11 JM		LT	0.00[1]	0.00[1]	24H
Closet/Storage Area	Water Heater	Pressure relief valve discharge piping is missing	Piping missing	42	10/10/24 12:18 JM		Mod	0.50	0.37	30D
Hallways & Corridors	Mold-Like Substances	Moisture damage on a surface from 1 to 9 S.F. (Units)	Mold like substance observed outside bedroom 1; above baseboard	43	10/10/24 12:20 JM		Severe	1.35[3]	0.99[3]	24H
Hallways & Corridors	Smoke Alarms	Wall-mounted smoke alarm more than 12in. from a ceiling	Detector more than 12" from ceiling; between bedroom and bathroom	44	10/10/24 12:10 JM		LT	0.00[1]	0.00[1]	24H

1: Unit 07 Unit NSPIRE Totals

Life Threatening: 2/0 Severe: 3/2.96 Moderate: 3/1.1 Low: 3/0.48

1: Unit 08

Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts	Pts (Adj)	Fix By
Bedroom 1	Smoke Alarms	Wall-mounted smoke alarm more than 12in. from a ceiling	Bedroom 1	45	10/10/24 12:33 JM		LT	0.00[1]	0.00[1]	24H
Bedroom 2	Smoke Alarms	Wall-mounted smoke alarm more than 12in. from a ceiling	Bedroom 2	46	10/10/24 12:36 JM		LT	0.00[1]	0.00[1]	24H
Hallways & Corridors	Light Fixtures (Interior)	A permanently installed light fixture is inoperable	Lamp outside of bedroom 2 inop	47	10/10/24 12:34 JM		Mod	0.50	0.37	30D
Hallways & Corridors	Smoke Alarms	Wall-mounted smoke alarm more than 12in. from a ceiling	Between bedrooms 1 and 2	48	10/10/24 12:34 JM		LT	0.00[1]	0.00[1]	24H
Kitchen	Cooking Appliance	A Stove Burner is Inoperable (with at least one operable burner)	Front right burner inop	49	10/10/24 12:30 JM		Mod	0.50	0.37	30D
Main Entry	Door Surface - Entry (non-fire)	Gap of 1/4" around door seal/gasket & light penetration	Light showing @ bottom of door sweep	51	10/10/24 12:28 JM		Mod	0.50	0.37	30D
Main Entry	Door – Fire Labeled	Fire-labeled door seal or gasket is damaged or missing	Primary entry	50	10/10/24 12:25 JM		Severe	0.00[2]	0.00[2]	24H

1: Unit 08 Unit NSPIRE Totals

Life Threatening: 3/0 Severe: 1/0 Moderate: 3/1.1 Low: 0/0

3: Unit 17

Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts	Pts (Adj)	Fix By
Bathroom 1	Wall Covering and Finish – Interior	Wall has a loose or detached surface covering	Edge of surround near shower head	52	10/10/24 13:03 JM		Mod	0.50[3]	0.37[3]	30D
Bedroom 1	Smoke Alarms	Wall-mounted smoke alarm more than 12in. from a ceiling	Bedroom 1	53	10/10/24 13:07 JM		LT	0.00[1]	0.00[1]	24H
Closet/Storage Area	Water Heater	Pressure relief valve discharge piping is missing	Piping missing	54	10/10/24 13:01 JM		Mod	0.50	0.37	30D

[1]Non-Scoring [2]Temporary Non-Scoring [3]Repeat finding within the area (only 1-scored) *Note: Unit points adjusted to reflect the actual unit count

Inspection Results (Continued)

3: Unit 17 (Continued)

Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts	Pts (Adj)	Fix By
Hallways & Corridors	Smoke Alarms	Wall-mounted smoke alarm more than 12in. from a ceiling	No 12" between bathroom and bedroom	55	10/10/24 13:06 JM		LT	0.00[1]	0.00[1]	24H
Kitchen	Infestation	Evidence of cockroaches (Live, Dead, or Other Evidence)	Roaches observed at pantry	56	10/10/24 13:00 JM		Mod	0.50	0.37	30D
Kitchen	Refrigerator	Refrigerator door handle is damaged	Handle missing on top portion of refrigerator	57	10/10/24 12:59 JM		Mod	0.50	0.37	30D
Kitchen	Wall Covering and Finish – Interior	Wall has a loose or detached surface covering	Kitchen; above range	58	10/10/24 12:58 JM		Mod	0.50[3]	0.37[3]	30D
Living Room	Conductors, Outlets, Switches	Electrical conductor is not properly insulated/enclosed	Living room	59	10/10/24 12:56 JM		LT	5.45	4.00	24H
Main Entry	Door – Fire Labeled	Fire-labeled door seal or gasket is damaged or missing	Primary entry	60	10/10/24 12:53 JM		Severe	0.00[2]	0.00[2]	24H

3: Unit 17 Unit NSPIRE Totals

Life Threatening: 3/4 Severe: 1/0 Moderate: 5/1.83 Low: 0/0

3: Unit 18

Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts	Pts (Adj)	Fix By
Alternate Location - See Notes for Details	HVAC Equipment	Air conditioning system is not operational	No heating or AC	61	10/10/24 13:37 JM		Mod	0.50	0.37	30D
Bathroom 1	Infestation	Evidence of cockroaches (Live, Dead, or Other Evidence)	Roaches observed; bathroom	62	10/10/24 13:33 JM		Mod	0.50	0.37	30D
Bathroom 1	Toilet	Toilet is damaged or inoperable (only toilet in unit)	No flush	63	10/10/24 13:37 JM		Severe	1.35	0.99	24H
Bedroom 1	Smoke Alarms	Wall-mounted smoke alarm more than 12in. from a ceiling	Bedroom 1	64	10/10/24 13:28 JM		LT	0.00[1]	0.00[1]	24H
Bedroom 1	Wall Covering and Finish – Interior	Interior wall has hole greater than 2in.	Behind door, below panel box	65	10/10/24 13:28 JM		Mod	0.50	0.37	30D
Closet/Storage Area	Water Heater	Pressure relief valve discharge piping is missing	Piping missing	66	10/10/24 13:31 JM		Mod	0.50	0.37	30D
Hallways & Corridors	Light Fixtures (Interior)	A permanently installed light fixture is inoperable	Between bedroom and bathroom	67	10/10/24 13:30 JM		Mod	0.50	0.37	30D
Hallways & Corridors	Smoke Alarms	Wall-mounted smoke alarm more than 12in. from a ceiling	At hutch between bedroom and bathroom	68	10/10/24 13:26 JM		LT	0.00[1]	0.00[1]	24H
Kitchen	Conductors, Outlets, Switches	Gap of 1/2"+ in any high-voltage electrical apparatus	End of kitchen counter	69	10/10/24 13:22 JM		LT	5.45	4.00	24H
Kitchen	Cooking Appliance	A Stove Burner is Inoperable (with at least one operable burner)	Right front burner inop	70	10/10/24 13:24 JM		Mod	0.50	0.37	30D
Kitchen	Refrigerator	Refrigerator door seal is damaged	Bottom portion of door seal damaged	71	10/10/24 13:25 JM		Mod	0.50	0.37	30D
Kitchen	Tripping Hazard	Tripping hazard - 2in. horizontal separation	Transition strip from living room to kitchen	72	10/10/24 13:19 JM		Mod	0.50	0.37	30D
Living Room	Ceiling Covering and Finishes	Ceiling has signs of structural failure (cracking, small circles, blisters, or nail pops)	Kitchen and living room ceiling, water stains	73	10/10/24 13:16 JM		Mod	0.50	0.37	30D
Living Room	Wall Covering and Finish – Interior	Interior wall component(s) is not functionally adequate	Trim missing at left side of entry door	74	10/10/24 13:12 JM		Mod	0.50	0.37	30D

3: Unit 18 Unit NSPIRE Totals

Life Threatening: 3/4 Severe: 1/0.99 Moderate: 10/3.67 Low: 0/0

3: Unit 19

Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts	Pts (Adj)	Fix By
Bathroom 1	Sink	Sink stopper damaged, inoperable, or missing with evidence of prior installation	Stopper missing	75	10/10/24 13:51 JM		Low	0.22	0.16	60D
Bedroom 1	Smoke Alarms	Wall-mounted smoke alarm more than 12in. from a ceiling	Bedroom 1	76	10/10/24 13:49 JM		LT	0.00[1]	0.00[1]	24H

[1]Non-Scoring [2]Temporary Non-Scoring [3]Repeat finding within the area (only 1-scored) *Note: Unit points adjusted to reflect the actual unit count

Inspection Results (Continued)

3: Unit 19 (Continued)

Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts	Pts (Adj)	Fix By
Closet/Storage Area	Flammables or Combustibles	Combustible/Flammables material is on or within 3 feet of a fuel burning Water Heater	Improperly stored materials on top of water heater	77	10/10/24 13:53 JM		LT	5.45	4.00	24H
Closet/Storage Area	Water Heater	Pressure relief valve discharge piping is missing	No piping observed	78	10/10/24 13:52 JM		Mod	0.50	0.37	30D
Hallways & Corridors	Smoke Alarms	Wall-mounted smoke alarm more than 12in. from a ceiling	Between bedroom and bathroom	79	10/10/24 13:50 JM		LT	0.00[1]	0.00[1]	24H
Kitchen	Refrigerator	Refrigerator door handle is damaged	Missing	80	10/10/24 13:54 JM		Mod	0.50	0.37	30D
Living Room	Ceiling Covering and Finishes	Ceiling has sagging or dropping materials	Peeling at living room ceiling	81	10/10/24 13:47 JM		Severe	1.35	0.99	24H
Living Room	Infestation	Evidence of cockroaches (Live, Dead, or Other Evidence)	Roaches observed, living room	82	10/10/24 13:48 JM		Mod	0.50	0.37	30D

3: Unit 19 Unit NSPIRE Totals

Life Threatening: 3/4 Severe: 1/0.99 Moderate: 3/1.1 Low: 1/0.16

3: Unit 20

Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts	Pts (Adj)	Fix By
Bathroom 1	Cabinets/Vanity	General Comment	Extensive water damage and wood rot at bathroom cabinet near toilet	83	10/10/24 14:13 JM			0.00[1]	0.00[1]	
Bathroom 1	Ceiling Covering and Finishes	Ceiling has signs of structural failure (cracking, small circles, blisters, or nail pops)	Surface peeling / deterioration above toilet	84	10/10/24 14:15 JM		Mod	0.50	0.37	30D
Bathroom 1	Wall Covering and Finish – Interior	Interior wall has hole greater than 2in.	Behind bathroom door	85	10/10/24 14:11 JM		Mod	0.50	0.37	30D
Bedroom 1	Smoke Alarms	Wall-mounted smoke alarm more than 12in. from a ceiling	Bedroom 1	86	10/10/24 14:16 JM		LT	0.00[1]	0.00[1]	24H
Closet/Storage Area	Water Heater	Pressure relief valve terminates higher than 6in. or less than 2in. from the waste receptor flood level	Higher than 6"	87	10/10/24 14:10 JM		Mod	0.50	0.37	30D
Hallways & Corridors	Conductors, Outlets, Switches	Electrical conductor is not properly insulated/enclosed	Between bedroom and bathroom	88	10/10/24 14:08 JM		LT	5.45[3]	4.00[3]	24H
Hallways & Corridors	Conductors, Outlets, Switches	Electrical conductor is not properly insulated/enclosed	Switch plate cover missing; between bedroom and bathroom	89	10/10/24 14:09 JM		LT	5.45[3]	4.00[3]	24H
Hallways & Corridors	Smoke Alarms	Smoke alarm not installed outside a sleeping room	Between bathroom and bedroom	90	10/10/24 14:16 JM		LT	0.00[1]	0.00[1]	24H
Kitchen	Conductors, Outlets, Switches	Electrical conductor is not properly insulated/enclosed	Outlet cover missing; near pantry	91	10/10/24 14:07 JM		LT	5.45[3]	4.00[3]	24H
Kitchen	Conductors, Outlets, Switches	Electrical conductor is not properly insulated/enclosed	No switch plate cover observed; kitchen near pantry	92	10/10/24 14:08 JM		LT	5.45[3]	4.00[3]	24H
Kitchen	Infestation	Evidence of cockroaches (Live, Dead, or Other Evidence)	Kitchen sink	93	10/10/24 14:05 JM		Mod	0.50	0.37	30D
Living Room	Conductors, Outlets, Switches	Electrical conductor is not properly insulated/enclosed	Switch plate missing at entry	94	10/10/24 14:00 JM		LT	5.45[3]	4.00[3]	24H
Living Room	Conductors, Outlets, Switches	Electrical conductor is not properly insulated/enclosed	Outlet near front entry; missing cover plate	95	10/10/24 14:01 JM		LT	5.45[3]	4.00[3]	24H
Living Room	Conductors, Outlets, Switches	Electrical conductor is not properly insulated/enclosed	Outlet no cover plate	96	10/10/24 14:02 JM		LT	5.45[3]	4.00[3]	24H
Living Room	Conductors, Outlets, Switches	Electrical conductor is not properly insulated/enclosed	Outlet no cover plate; near kitchen	97	10/10/24 14:03 JM		LT	5.45[3]	4.00[3]	24H
Living Room	Conductors, Outlets, Switches	Electrical conductor is not properly insulated/enclosed	No outlet cover plate; next to closet	98	10/10/24 14:04 JM		LT	5.45[3]	4.00[3]	24H
Main Entry	Door – Fire Labeled	Fire-labeled door seal or gasket is damaged or missing	Primary entry	99	10/10/24 13:59 JM		Severe	0.00[2]	0.00[2]	24H

3: Unit 20 Unit NSPIRE Totals

Life Threatening: 11/36 Severe: 1/0 Moderate: 4/1.47 Low: 0/0

[1]Non-Scoring [2]Temporary Non-Scoring [3]Repeat finding within the area (only 1-scored) *Note: Unit points adjusted to reflect the actual unit count

Inspection Results (Continued)

3: Unit 21 Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts	Pts (Adj)	Fix By
Alternate Location - See Notes for Details	Infestation	Evidence of bedbugs in 2+ Locations (Extensive)	Bedbugs throughout unit	100	10/10/24 14:20 JM		Severe	1.35	0.99	24H

3: Unit 21 Unit NSPIRE Totals

Life Threatening: 0/0 Severe: 1/0.99 Moderate: 0/0 Low: 0/0

3: Unit 22 Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts	Pts (Adj)	Fix By
Alternate Location - See Notes for Details	Infestation	Evidence of bedbugs	Throughout unit	101	10/10/24 14:37 JM		Mod	0.50	0.37	30D
Bathroom 1	Wall Covering and Finish – Interior	Interior wall has hole greater than 2in.	Bathroom; outside of water heater closet	102	10/10/24 14:31 JM		Mod	0.50[3]	0.37[3]	30D
Bedroom 1	Smoke Alarms	Wall-mounted smoke alarm more than 12in. from a ceiling	Bedroom 1	103	10/10/24 14:28 JM		LT	0.00[1]	0.00[1]	24H
Bedroom 1	Wall Covering and Finish – Interior	Interior wall has hole greater than 2in.	Near bedroom door	104	10/10/24 14:28 JM		Mod	0.50[3]	0.37[3]	30D
Closet/Storage Area	Door – General	Closet door component is missing, damaged or inoperable	Storage closet at primary entry door; extensive damage to frame; will not open	105	10/10/24 14:25 JM		Low	0.22	0.16	60D
Closet/Storage Area	Water Heater	Pressure relief valve discharge piping is damaged, capped, has an upward slope, or is constructed of unsuitable material	Pipes upward	106	10/10/24 14:32 JM		Severe	1.35	0.99	24H
Hallways & Corridors	Smoke Alarms	Wall-mounted smoke alarm more than 12in. from a ceiling	Between bedroom and bathroom	107	10/10/24 14:29 JM		LT	0.00[1]	0.00[1]	24H
Hallways & Corridors	Wall Covering and Finish – Interior	Interior wall has hole greater than 2in.	Next to primary entry door	108	10/10/24 14:23 JM		Mod	0.50[3]	0.37[3]	30D
Living Room	Wall Covering and Finish – Interior	Wall has a loose or detached surface covering	Living entry to bathroom	109	10/10/24 14:35 JM		Mod	0.50	0.37	30D
Main Entry	Door – Fire Labeled	Fire-labeled door seal or gasket is damaged or missing	Gasket damaged main entry	110	10/10/24 14:21 JM		Severe	0.00[2]	0.00[2]	24H

3: Unit 22 Unit NSPIRE Totals

Life Threatening: 2/0 Severe: 2/0.99 Moderate: 5/1.83 Low: 1/0.16

3: Unit 23 Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts	Pts (Adj)	Fix By
Bathroom 1	Sink	Sink stopper damaged, inoperable, or missing with evidence of prior installation	Stopper missing	111	10/10/24 14:45 JM		Low	0.22	0.16	60D
Bedroom 1	Smoke Alarms	Wall-mounted smoke alarm more than 12in. from a ceiling	Bedroom 1	112	10/10/24 14:40 JM		LT	0.00[1]	0.00[1]	24H
Closet/Storage Area	Water Heater	Pressure relief valve discharge piping is missing	Piping missing	113	10/10/24 14:46 JM		Mod	0.50	0.37	30D
Hallways & Corridors	Smoke Alarms	Smoke alarm does not produce an audio or visual alarm when tested	Between bedroom and bathroom	114	10/10/24 14:41 JM		LT	0.00[1]	0.00[1]	24H
Hallways & Corridors	Smoke Alarms	Wall-mounted smoke alarm more than 12in. from a ceiling	Between bedroom and bathroom	115	10/10/24 14:42 JM		LT	0.00[1]	0.00[1]	24H
Kitchen	Refrigerator	Refrigerator door handle is damaged	Missing; top portion of refrigerator	116	10/10/24 14:47 JM		Mod	0.50	0.37	30D
Living Room	Ceiling Covering and Finishes	Ceiling has a hole 2in. or more in diameter	Living room	117	10/10/24 14:39 JM		Mod	0.50	0.37	30D

3: Unit 23 Unit NSPIRE Totals

Life Threatening: 3/0 Severe: 0/0 Moderate: 3/1.1 Low: 1/0.16

[1]Non-Scoring [2]Temporary Non-Scoring [3]Repeat finding within the area (only 1-scored) *Note: Unit points adjusted to reflect the actual unit count

Inspection Results (Continued)

3: Unit 24 Location	Item	Results	Notes	Pic	Date	Fixed	Sev	Pts	Pts (Adj)	Fix By
Entire Unit	No Issues/Violations	Not Inspected - Key Does Not Work			10/10/24 19:55			0.00[1]	0.00[1]	

3: Unit 24 Unit NSPIRE Totals

Life Threatening: 0/0 Severe: 0/0 Moderate: 0/0 Low: 0/0

[1]Non-Scoring [2]Temporary Non-Scoring [3]Repeat finding within the area (only 1-scored) *Note: Unit points adjusted to reflect the actual unit count

ABANDONMENT OWNERSHIP INTEREST
IN
Calvert Arms, Ltd
RD Case Number 50-98-963395646

THIS **ABANDONMEMT OF OWNERSHIP INTEREST** (this "**Abandonment**") is made and entered into and effective as of August 2, 2024, by the undersigned party (the "**Party**.")

WHEREAS, Calvert Arms, Ltd., a Texas limited partnership ("**Partnership**") is the owner of a 24-unit multifamily apartment development located at Mesquite & Mitchell, Calvert, Texas, known as Calvert Arms Apartments. 100% of such dwelling units are set aside for rental to elderly individuals of low income, as provided in Internal Revenue Code Section 42(g) (**"Apartment Development"**); and is governed by a certain Second Amended and Restated Agreement and Certificate of Limited Partnership, dated as of July 1, 1993 (**"Partnership Agreement"**); and capitalized terms used but not defined herein shall have the meanings ascribed to such terms in Article I of the Partnership Agreement; and

WHEREAS, the Apartment Development had a fire in one 8-unit apartment building which destroyed the entire building.

WHEREAS, the former Managing Agent misappropriated $100,000 of the insurance proceeds and failed to restore the building within one-year as required by the insurance carrier in order to obtain the balance of the insurance proceeds needed to rehab the building.

WHEREAS, the city of Calvert required that and the building was raised.

WHEREAS, without the 8-units lost because of the fire, the Apartment Development does not have sufficient income to carry its operations on a monthly basis.

WHEREAS, the recent Managing Agent, Eagle Creek Mgmt., Inc., which terminated its management agreement as of July 31, 2024, ("Eagle") and an affiliate, have unpaid management fees and out of pocket expenses in attempting to keep the Apartment Development in operation of $149,632.

WHEREAS, the Apartment Development has $246,604.90 of unused insurance proceeds from the fire ("Unused Insurance Proceeds"), which Eagle requested USDA-RD use to reimburse it for its Advances to $149,632 and the negative cash flow from the continued operation of the Apartment Development, but USDA-RD indicated that the reserve requests for expenses are not an eligible replacement reserve account use and that the remaining insurance proceeds will need to be applied to the principal balance of the mortgage.

WHEREAS, the Party due to serious health issues cannot and doesn't know of anyone who could keep funding operating deficits and managing the Apartment Development.

WHEREAS, the Party by email dated July 26, 2024, notified USDA-RD that he was turning the project over to USDA- RD to be foreclosed upon.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Party:

1) waives the time frame of any Servicing Letters from USDA-RD; and

2) abandons and relinquishment all rights title and interest in the Partnership, Calvert Arms, Ltd. - RD Case Number 50-98-963395646.

IN WITNESS WHEREOF, the Party hereto has executed this Abandonment as of the date first written above.

Lionel Sims

State of Texas)
Fort Bend) ss.:
County of ~~Harris~~)

On the 5th day of August in the year 2024, before me, the undersigned, a Notary Public in and for said State, personally appeared Lionel Sims, personally known to me or proved to me on the basis of satisfactory evidence to be the Party subscribed to the within instrument and acknowledged to me that he executed the same in his individually capacity, and that by his signature on the instrument, the he executed the instrument.

Notary Public

SHEREA DENISE CARY
Notary Public, State of Texas
Comm. Expires 12-26-2027
Notary ID 6186593

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1170 **Agenda Date:** 10/9/2025 **Agenda #:** 9.

Presentation, discussion, and possible action on an order proposing the repeal of 10 TAC Chapter 2, Subchapter D, Debarment from Participation in Programs Administered by the Department, §2.401 General; an order proposing new 10 TAC Chapter 2, Subchapter D, Debarment from Participation in Programs Administered by the Department, §2.401 General; 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, pursuant to Tex. Gov't Code §2306.0504, the Department is authorized to debar a person from participation in Department programs, and is required to develop a rule governing debarments;

WHEREAS, the debarment rule at 10 TAC §2.401 outlines the criteria and administrative procedures for debarments;

WHEREAS, the Department proposes replacing the rule to incorporate voluntary nonparticipation agreements, incorporate elevator noncompliance, clarify areas of confusion, and streamline 10 TAC §2.401;

WHEREAS, staff has therefore drafted a revision of the current rule on this subject, which upon Board approval will be released for public comment and returned to the Board for adoption at a subsequent Board meeting.

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 §2306.053 provides for the Department to administer federal housing, community affairs, and community development programs, and it authorizes the development of rules governing the administration of those programs. Tex. Gov't Code §2306.0504 provides authority for the Department to debar a person from participation in Department programs, and requires the Department to develop a rule governing debarments. 10 TAC Chapter 2 governs how enforcement of programmatic requirements are handled. Debarment criteria and

administrative procedures are described at 10 TAC §2.401.

Procedural changes were requested by the Board for an alternative option to debarment for circumstances in which a Responsible Party, Consultant or Vendor is referred to the Enforcement Committee for discretionary debarment violations under 10 TAC §2.401(a), but where the Enforcement Committee determines that debarment may not be warranted if the Responsible Party, Consultant, or Vendor voluntarily agrees to not participate in new funding or programs with the Department for a set period of time, as an alternative. Edits to the rule describe this new Voluntary Non-participation Agreement (VNA) option that may be offered at the Department's discretion for violations of 10 TAC §2.401 that do not require mandatory debarment.

Additionally, during 2025, the Department has received multiple complaints relating to broken elevators, with extended outage periods during which the affected buildings do not have an accessible route. Two notable examples that were referred for enforcement are The Life at Sterling Woods (HTC 04478 / CMTS 4176) and Jubilee at Texas Parkway (HTC 17317 / CMTS 5333), both of which are elderly developments that had extended elevator outages. The Board approved an Agreed Final Order for an administrative penalty assessment for The Life at Sterling Woods on March 6, 2025, and it will consider an administrative penalty assessment for Jubilee at Texas Parkway on October 9, 2025. In a separate Board item, the Department has recommended changes to the administrative penalty schedule at Figure 2 of 10 TAC §2.302(k). The Department also recommends a change to the debarment rule at 10 TAC §2.401 to reflect the seriousness of this elevator violation, incentivize timely correction, and to deter future violations at both the affected property and others in the ownership portfolio. Debarment would not be considered in the event that the owner can provide evidence that necessary repairs were under contract with a licensed repair company within the corrective action period.

Further rule changes are recommended to clarify areas of confusion, and streamline procedures.

Behind the preamble, the rule is provided in blackline form reflecting the changes being recommended. 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 Chapter 2, Subchapter D, Debarment from Participation in Programs Administered by the Department, §2.401 General

The Texas Department of Housing and Community Affairs (the Department) proposes the repeal of 10 TAC Chapter 2, Subchapter D, Debarment from Participation in Programs Administered by the Department, §2.401 General. The purpose of the proposed repeal is to eliminate the outdated rule and replace it simultaneously with a new rule that incorporates voluntary nonparticipation agreements, incorporates elevator noncompliance, and clarifies areas of confusion.

Tex. Gov't Code §2001.0045(b) does not apply to the rule proposed for repeal because there are no costs associated with the repeal.

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: the enforcement of the Department's program rules.
2. The repeal does not require a change in work that creates new 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 is not considered to expand an existing regulation.
7. The repeal does not increase 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 sections 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 AND INFORMATION RELATED TO COST, BENEFIT OR EFFECT. The Department requests comments on the rule and also requests information related to the cost, benefit, or effect of the proposed rule, including any applicable data, research, or analysis from any person required to comply with the proposed rule or any other interested person. The public comment period will be held October 24, 2025 to November 24, 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.texas.gov. ALL COMMENTS AND INFORMATION MUST BE RECEIVED BY 5:00 p.m., Austin local (Central) time, November 24, 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.

Attachment 2: Preamble, including required analysis, for proposed new 10 TAC Chapter 2, Subchapter D, Debarment from Participation in Programs Administered by the Department, §2.401 General

The Texas Department of Housing and Community Affairs (the Department) proposes new 10 TAC Chapter 2, Subchapter D, Debarment from Participation in Programs Administered by the Department, §2.401 General. The purpose of the proposed repeal is to eliminate the outdated rule and replace it simultaneously with a new rule that incorporates voluntary nonparticipation agreements, incorporates elevator noncompliance, and clarifies areas of confusion.

Tex. Gov’t Code §2001.0045(b) does not apply to the rule proposed for repeal because there are no additional costs associated with this action. Sufficient existing state and/or federal administrative funds associated with the applicable programs are available to offset costs. No additional funds will be needed to implement this rule.

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 sections would be in effect:

1. The rule does not create or eliminate a government program but relates to changes to an existing activity: the enforcement of the Department’s program rules.
2. The rule does not require a change in work that creates new employee positions.
3. The new section will 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.
6. The new section does expand on an existing regulation.
7. The new section does not increase 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 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 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 improvement in the Department's enforcement abilities. 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 sections may have some costs to the state to implement the verification process and to the Department's subrecipients in administering the rule changes. However, sufficient state or federal administrative funds associated with the applicable programs are already available to offset costs. No additional funds will be required.

REQUEST FOR PUBLIC COMMENT AND INFORMATION RELATED TO COST, BENEFIT OR EFFECT. The Department requests comments on the rule and also requests information related to the cost, benefit, or effect of the proposed rule, including any applicable data, research, or analysis from any person required to comply with the proposed rule or any other interested person. The public comment period will be held October 24, 2025 to November 24, 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.texas.gov. ALL COMMENTS AND INFORMATION MUST BE RECEIVED BY 5:00 p.m., Austin local (Central) time, November 24, 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 section affects no other code, article, or statute.

§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. Any of the following discretionary debarment criteria must be past the provided corrective action deadline, if applicable. 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, Consultant, and/or Vendor 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;~~ TDHCA LURA. After January 1, 2026, this also applies if a TDHCA LURA is terminated because of bankruptcy;
(~~8~~(8) Controlling a multifamily Development where there is no operable elevator in an elevator-serviced building after January 1, 2026, unless the Owner can provide evidence that necessary repairs were under contract and scheduled for repair with a licensed repair company within the corrective action period;
(9) Controlling a multifamily Development and allowing a change in ownership after April 1, 2021, without Department approval;
(~~9~~10) Transferring a Development, after April 1, 2021, without regard for a Right of First Refusal requirement;
(~~10~~11) Being involuntary removed, or replaced due to a default by the General Partner under the Limited Partnership Agreement, after April 1, 2021;

(~~11~~12) 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~~13) Refusing to comply with conditions approved by the Board that were recommended by the Executive Award Review Advisory Committee after April 1, 2021;
(~~13~~14) 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~~15) 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~~16) Refusing to provide an amenity required by the LURA after April 1, 2021;
(~~16~~17) Failing to reserve units for Section 811 PRA participants after April 1, 2021;
(~~17~~18) Failing to notify the Department of the availability of 811 PRA units after April 1, 2021;
(~~18~~19) Taking "choice limiting" actions prior to receiving HUD environmental clearance (24 CFR §58.22);
(~~19~~20) Substandard construction, as defined by the Program, and repeated failure to conduct required inspections;
(~~20~~21) Repeated failure to provide eligible match. 24 CFR §92.220, 24 CFR §576.201, and as required by NOFA;
(~~21~~22) Repeated failure to report program income. As applicable, 24 CFR §200.80, 24 CFR §570.500, 24 CFR §576.407(c), 24 CFR §92.~~-~~503~~,~~ 24 CFR §~~(as applicable),~~93.304, and 10 TAC §20.9, or as defined by Program Rule;
(~~22~~23) 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~~24) 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~~25) Repeated violations of Single Audit or other programmatic audit requirements;
(~~25~~26) Failure to remain a CHDO for Department committed HOME funds;
(~~26~~27) Commingling of funds, Misapplication of funds;
(~~27~~28) Refusing to submit a required Audit Certification Form, Single Audit, or other programmatic audit;
(~~28~~29) Refusing to timely respond to reports/provide required correspondence;
(~~29~~30) Failure to timely expend funds; and
(~~30~~31) 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, and/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, Consultant, and/or Vendor 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. Any of the following mandatory debarment criteria must be past the corrective action deadline, if applicable.

(d) Material violations of a LURA. A Responsible Party, Consultant, and/or Vendor 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, Consultant, and/or Vendor 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;
(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~~Responsible Party 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 that are Controlled by the Responsible Party, whether acting alone or in concert with others, 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, Consultant, and/or Vendor with written notice of the referral to the Committee, setting forth the facts and circumstances that justify the referral for Debarment consideration. That notice shall require the Responsible Party to provide a current organizational chart showing ownership to the level of natural persons who are in Control of the development, and must indicate which entities and natural persons have the ability to Control the development.

(h) The Secretary shall then offer the Responsible Party, Consultant, and/or Vendor 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, Consultant, and/or Vendor 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~~one of the following results, which will then be reported to the Executive Director:

(i) An agreement to dismiss the matter with no further action~~, an~~;

(ii) A recommendation for a voluntary non-participation agreement, with an alternative recommendation for Debarment to the Executive Director, with said Debarment recommendation to be made only in the event that the Responsible Party, Consultant, and/or Vendor refuses to enter into a voluntary non-participation agreement;

(iii) An agreement to dismiss the matter with corrective action being taken~~,~~; or ~~any~~

(iv) Any other action as the Committee deems appropriate~~, which will then be reported to the Executive Director~~.

~~(~~j(j) The Committee's recommendation to the Executive Director regarding a voluntary non-participation agreement shall include a recommended period during which the Responsible Party, Consultant, and/or Vendor will not participate in any new Department financing, assistance opportunity, or programs in any manner. Recommended periods of non-participation 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. If the Department determines that this type of agreement is appropriate and the Responsible Party, Consultant, and/or Vendor agrees to the terms proposed by the Department, the Enforcement Committee will not recommend Debarment. This agreement will be placed on the Department website for the duration of its term. The Department will provide a quarterly report to the Board regarding any voluntary non-participation agreements that have been entered into during the previous quarter. The terms of a voluntary non-participation agreement are not appealable to the Board.

(k) 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~~l) The Executive Director shall accept, reject, or modify the Debarment recommendation by the Committee and shall provide written notice to the Responsible Party, Consultant, and/or Vendor 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, Consultant, and/or Vendor may appeal the Debarment determination in writing to the Board as described in §1.7 of this title (relating to Appeals Process).

(~~l~~m) 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~~n) Until the Responsible ~~Party's~~Party, Consultant, and/or Vendor's Debarment referral is fully resolved, the Responsible Party, Consultant, and/or Vendor may not participate in new Department financing and assistance opportunities.

(~~n~~o) 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, Consultant, and/or Vendor 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~~p) 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~~q) All correspondence under this rule shall be delivered electronically.

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1173 **Agenda Date:** 10/9/2025 **Agenda #:** 10.

Presentation, discussion, and possible action on an amendment to the 2026 Annual Public Housing Agency (PHA) Plan for the Housing Choice Voucher Program and associated waivers of certain provisions of 10 TAC §5.802

RECOMMENDED ACTION

WHEREAS, the Texas Department of Housing and Community Affairs (the Department) Department operates as a PHA;

WHEREAS, in its capacity as a PHA, the Department accepted and administers Emergency Housing Vouchers (EHVs), a special set-aside of housing vouchers funded under an allocation through the American Rescue Plan Act of 2021 (ARPA);

WHEREAS, on March 6, 2025, HUD's Office of Public and Indian Housing (PIH) issued a letter to PHAs outlining that funding for EHVs would not continue past the final allocation, and the amount of funding is expected to be exhausted in calendar year 2026;

WHEREAS, HUD published a notice (PIH Notice 2025-19) on June 20, 2025, which provides guidance to PHAs on how to transition families receiving EHVs onto the regular Housing Choice Voucher (HCV) Program;

WHEREAS, staff recommends that the Department implement these procedures for families with an EHV that would choose to accept an HCV if they are selected from the waitlist;

WHEREAS, 42 U.S.C §1437(c-1) (a) and (b) require PHAs to submit an annual PHA Plan, and this plan must be amended to allow for the waitlist flexibilities for holders of an EHV as allowed by the PIH Notice 2025-19; and

WHEREAS, in addition to an amendment to the PHA Plan, staff recommends waiving the requirements of 10 TAC §5.802 related to placement of and selection from the HCV waitlist to allow for the flexibilities permitted by PIH Notice 2025-19;

NOW, therefore, it is hereby

RESOLVED, that the amendments to the Department's 2026 Annual PHA Plan is hereby approved in the form presented to this meeting to be made available for public comment;

FURTHER RESOLVED, that if there are not substantive public comments received requiring reconsideration of the plan, staff is authorized and directed to file the plan as final with the U.S. Department of Housing and Urban Development (HUD) with no further Board review;

FURTHER RESOLVED, that if there are material public comments, staff is directed to bring the plan, with such comments and any recommended revisions, back to this Board for final consideration; and

FURTHER RESOLVED, the Board grants the requested wavier of 10 TAC §5.802, as detailed further in this Board Action Request.

BACKGROUND

The American Rescue Plan Act of 2021 (ARPA) authorized funding for provision of Emergency Housing Vouchers (EHVs) for Public Housing Authorities (PHAs) in response to the COVID-19 pandemic. EHVs were provided for households that are homeless, at risk of homelessness, fleeing or attempting to flee domestic violence, dating violence sexual assault, stalking, or human trafficking, or recently homeless and for whom rental assistance would prevent homelessness or high risk of housing instability. TDHCA worked in conjunction with three Continuum of Care lead agencies to identify and qualify eligible families and units of housing. Unlike the Department's regular Housing Choice Voucher (HCV) service area, EHVs were made available in any area of the state that was not administering its own EHV program or where the Department entered into an agreement with the local Housing Authority to administer vouchers in its jurisdiction. TDHCA was ultimately awarded an allocation of 796 EHVs, which were utilized to provide monthly rental subsidy to 815 families. As of September 16, 2025, 687 families remain active in TDHCA's EHV Program.

The initial guidance for EHVs indicated that the program would be authorized through 2030, at which time remaining EHVs would expire and no longer receive funding; however, on March 6, 2025, HUD's Office of Public and Indian Housing (PIH) issued a letter to PHAs (included as Exhibit A to this item) providing notice that the 2025 EHV Calendar Year (CY) Housing Assistance Payment (HAP) Renewal Funding would be the final allocation of funds for EHVs. The notice stated that any funds from the final allocation not utilized in CY2025 could be carried over for use into CY2026. TDHCA received its HAP renewal notice on April 22, 2025, with a total amount of $19,290,350. This amount of funding is expected to carry over TDHCA's EHV Program well into CY2026.

On June 20, 2025, PIH issued PIH Notice 2025-19 (included as Exhibit B to this item). The PIH Notice 2025-19 provides guidance to PHAs to transition families participating in the EHV Program to the HCV Program to prevent participating families from losing housing assistance and potentially falling into homelessness. Although families

receiving EHV are required to be placed on the regular HCV waitlist and a separate waitlist may not be established, HUD strongly encourages this transition, and has provided flexibilities for this population that are not otherwise available. Specific flexibilities relevant to TDHCA's PHA recommended by staff include:

1. Allowing the PHA to open its waiting list only for EHV assisted families who choose to transition to the HCV Program; and
2. Allowing a preference for families currently participating in its EHV Program, including using a rating method to weigh an EHV preference above all other existing preferences for regular HCV, and preferences within the households eligible for the EHV preference that prioritize the most vulnerable households. Staff recommends that EHV participants whose head of household, co-head, spouse, or single-member is elderly (62+) or a person with a disability receive preference over other EHV participants.

Upon approval of this draft amendment to the PHA Plan, the Department will survey its Resident Advisory Board, which consists of all tenants with active Section 8 contracts, to review and comment on the proposed amendments to the 5-Year and 2026 Annual Plan. The Plan will also be available at 221 East 11th Street, Austin, TX 78701, for review at the Department's Administrative Office on weekdays between 8:00 am and 5:00 pm Central Time; and the Department's website at: www.tdhca.texas.gov <http://www.tdhca.texas.gov>. Those who are not able to speak, read, write, or understand the English language may call (512) 475-3800 or toll free (800) 525-0657 to request translation assistance with documents, events or other information from the Texas Department of Housing and Community Affairs.

Upon Board approval, the Department will publish a notice 45 days prior to scheduling a public hearing to receive public comment on this amendment to the Plan, and details will be provided on the Department's Public Comment Center at <https://www.tdhca.texas.gov/tdhca-public-comment-center>. If there are no substantive comments, the Plan will be submitted as approved today to HUD. If substantive comments are received, the Plan will be resubmitted to the Board for final approval.

In addition to the plan amendment, staff recommends waivers of certain provisions of 10 TAC §5.802(f) related to placement on the waiting list and (g) related to selection of households from the waiting list. These waivers would be applied as follows and limited to those families currently participating in the Department's EHV Program. The waivers would expire 180 days after the final notification to EHV participants of the ability to apply to transition to the HCV Program, which will be the date that all applications for placement on the HCV waiting list are due.

Requirement: Outreach and Affirmative Marketing

Citation: 10 TAC §5.802(d)

Applicability: This provision requires the Department to affirmatively market, and to ensure that all Households have an equal opportunity to apply for and receive housing assistance. Since this proposal would open the waitlist only for Households currently participating in its EHV Program, outreach, marketing, and application acceptance will be limited to those that would be eligible to apply under the preference, and application procedures will be tailored as the Applicants are known to the Department. For example, the Application would include specific guidance related to TDHCA's HCV service area that would apply to

families transitioning from EHV that currently reside outside of our HCV service area; the families would have to agree to relocate to within the Department's regular service area to participate in HCV.

Requirement: Application Acceptance Period

Citation: 10 TAC §5.802(e)(5)

Applicability: Since transitioning a Household from EHV to HCV may mean that a Household would have to relocate to a different geographical area, facing a reduction in the payment standard, and paying more in tenant rent, a waiver of the provision limiting the Application acceptance period is recommended for its current EHV participating Households. Staff recommends a 180 day Application acceptance period for this population.

Requirement: Placement on Waiting List

Citation: 10 TAC §5.802(f)(3)

Applicability: A waiver of this provision would allow current EHV participating Households to exceed the Department's current limitation of number of Households that may be placed on the HCV waiting list.

Amendments to the PHA Plan and any waivers will be incorporated into the PHA Administrative Plan, and will be published on the Department's website at <https://www.tdhca.texas.gov/section-8-resources> to be effective as of the effective date of the amendments to the PHA Plan.

5-Year PHA Plan *(for All PHAs)*	U.S. Department of Housing and Urban Development Office of Public and Indian Housing	OMB No. 2577-0226 Expires: 09/30/2027

Purpose. The 5-Year and Annual PHA Plans provide a ready source for interested parties to locate basic PHA policies, rules, and requirements concerning the PHA's operations, programs, and services. They also inform HUD, families served by the PHA, and members of the public of the PHA's mission, goals, and objectives for serving the needs of low-, very low-, and extremely low- income families.

Applicability. The **Form HUD-50075-5Y** is to be completed once every 5 PHA fiscal years by all PHAs. PHAs with zero public housing units must continue to comply with the PHA Plan requirements until they closeout their Section 9 programs (ACC termination).

A.	PHA Information.
A.1	**PHA Name**: Texas Department of Housing and Community Affairs **PHA Code**: TX901 **PHA Plan for Fiscal Year Beginning**: (MM/YYYY): 09/2025 **The Five-Year Period of the Plan (i.e. 2019-2023):** 2026-2031 **PHA Plan Submission Type:** ☐ 5-Year Plan Submission ☑ Revised 5-Year Plan Submission **Public Availability of Information.** In addition to the items listed in this form, PHAs must have the elements listed below readily available to the public. A PHA must identify the specific location(s) where the proposed PHA Plan, PHA Plan Elements, and all information relevant to the public hearing and proposed PHA Plan are available for inspection by the public. At a minimum, PHAs must post PHA Plans, including updates, at each Asset Management Project (AMP) and main office or central office of the PHA and should make documents available electronically for public inspection upon request. PHAs are strongly encouraged to post complete PHA Plans on their official websites and to provide each resident council with a copy of their PHA Plans.

☐ PHA Consortia: (Check box if submitting a Joint PHA Plan and complete table below.)

Participating PHAs	PHA Code	Program(s) in the Consortia	Program(s) not in the Consortia	No. of Units in Each Program	
				PH	HCV
Lead PHA:					

B. Plan Elements. Required for all PHAs completing this form.

B.1 **Mission**. State the PHA's mission for serving the needs of low-, very low-, and extremely low-income families in the PHA's jurisdiction for the next 5 years.

Texas Department of Housing and Community Affairs (TDHCA) mission is to help Texans achieve an improved quality of life through the development of better communities. TDHCA accomplishes this mission by administering a variety of housing and community affairs programs. A primary function of TDHCA is to act as a conduit for federal grant funds for housing and community services. However, because several major housing programs require the participation of private investors and private lenders, TDHCA also operates as a housing finance agency.

B.2 **Goals and Objectives**. Identify the PHA's quantifiable goals and objectives that will enable the PHA to serve the needs of low-income, very low-income, and extremely low-income families for the next 5 years.

1. PHA Goal: Expand housing opportunities by assessing the potential for administering specialized voucher programs.
2. PHA Goal: Address the need for quality affordable rentals.
3. PHA Goal: Promote stable housing to improve quality of life.
4. PHA Goal: Increase Customer Service.
5. PHA Goal: Enhance the Inventory Management System/Public and Indian Housing Information Center (IMS/PIC) submission rate and correct any fatal errors in a timely manner.
6. PHA Goal: Increase choice in affordable housing and housing assistance through the following objective.
7. PHA Goal: Sustain high-performer status under SEMAP.
8. PHA Goal: Transition Emergency Housing Voucher (EHV) families to Housing Choice Voucher (HCV) program.

B.3 **Progress Report.** Include a report on the progress the PHA has made in meeting the goals and objectives described in the previous 5-Year Plan.

Progress Report. Include a report on the progress the PHA has made in meeting the goals and objectives described in the previous 5-Year Plan.

1. PHA Goal: Expand housing opportunities by assessing the potential for administering specialized voucher programs.
Expanding housing opportunities is a key priority for the Housing Choice Voucher (HCV) Section 8 program, particularly in meeting the varied needs of individuals and families experiencing housing instability.
• The Department was able to increase landlord participation, and outreach by actively recruiting landlords through a security deposit program offering incentives encouraging landlords to accept vouchers. This approach helps expand housing options and fosters collaboration between landlords and housing authorities.
• The Department focuses on expanding housing opportunities by applying for new vouchers, securing financial aid for rental units, and exploring new program initiatives. These efforts involve analyzing housing market trends, identifying service gaps, and collaborating with community partners. Specialized programs like Veterans Affairs Supportive Housing (VASH) program for veterans, Mainstream Vouchers for individuals with disabilities, and the Foster Youth to Independence (FYI) Initiative Voucher (HCV) assistance to eligible youth aged 18 to 24 who have aged out of foster care or are at risk of homelessness. By leveraging these specialized programs and fostering partnerships, the Department can enhance access to stable, affordable housing while promoting inclusivity and community well-being.
• Ensure the utilization rate of Housing Choice Vouchers (HCV) remains steady at 98%. Similarly, maintain a 98% utilization rate for the Mainstream Voucher Program and Veterans Assistance Supportive Housing (VASH), which is specifically designed to support non-elderly individuals with disabilities. These efforts ensure maximum efficiency in addressing housing needs within the community.

2. PHA Goal: Address the need for quality affordable rentals.
To increase the supply of quality affordable rentals through innovative strategies that encourage landlord participation, enhance tenant satisfaction, and ensure compliance with program guidelines. These efforts aim to improve housing accessibility for low-income families and contribute to the long-term stability of communities.
• Strengthen partnerships with landlords and property owners by offering incentives such as expedited inspection processes and security deposit assistance to encourage participation in affordable housing programs.
• Utilize data-driven tools to monitor and improve housing quality standards and tenant satisfaction.
• Enhance accessibility and efficiency in affordable housing programs by simplifying and digitizing application systems for landlords and tenants. This includes utilizing a newly implemented housing database to centralize information, streamline processes, and provide real-time updates, ultimately expanding housing opportunities and improving community collaboration.
• Offering incentives to landlords, such as expedited inspection processes, and assisting with tenant security deposit, encouraging participation in affordable housing programs.

3. PHA Goal: Promote stable housing to improve quality of life.
Stable housing serves as a foundation for individuals and families to achieve greater economic security, better health outcomes, and an improved overall quality of life. For recipients of the Housing Choice Voucher (HCV) Section 8 program, stable housing is more than just a roof over their heads. It is the key to accessing education, employment opportunities, healthcare, and social services. Stabile housing reduces the likelihood of homelessness, housing insecurity, and displacement.
• Promoting sustainable housing practices is crucial for ensuring long-term housing affordability and stability. Collaborating with landlords to maintain rental properties in excellent condition helps preserve their value while providing tenants with safe and comfortable living spaces.
• Through better practices, the Department has been able to encourage landlords to prioritize property upkeep. In doing so, this not only reduces the risk of costly repairs but also supports the continued affordability of units, enabling low-income families to secure stable housing without fear of sudden rent increases due to maintenance issues.
• Foster safe and sanitary housing for all households through on-time housing quality inspections. The Department contracted a third-party certified inspection company that specializes in the HUD Housing quality standards. They inspect initial, annual, and complaint inspections. The Department requires our participating landlords and owners to comply with Housing Quality Standards as required by HUD.

4. PHA Goal: Increase Customer Service
Customer service is a cornerstone of the Housing Choice Voucher (HCV) Section 8 program, as it plays a vital role in ensuring positive experiences for voucher holders, landlords, and community stakeholders. Efficient and effective customer service fosters trust, strengthens relationships, and ensures that participants can access housing assistance with ease and dignity. When customers feel supported and valued, they are more likely to engage with program resources, fulfill their responsibilities, and achieve long-term housing stability.
• Automate more functions to provide increased quality of service such as web-based applications, increase web capabilities, portals, and interactive voice response systems.
• The Department established a clear and accessible communication platform, dedicated an online portal to assist participants and landlords. Increase the number of participants submitting request updating their family composition, income, and for landlord to request rent increase and verify payments through Rent café. This has allowed the department to save costs by eliminating the need to pay for postage and envelopes.

5. PHA Goal: Improve the Inventory Management System/Public and Indian Housing Information Center (IMS/PIC) submission rate and correct any fatal errors in a timely manner.
The Inventory Management System/Public and Indian Housing Information Center (IMS/PIC) serves as a critical tool for tracking and managing data related to public housing and voucher programs, including Housing Choice Vouchers (HCV). Accurate and timely submissions to IMS/PIC are essential for ensuring compliance with HUD regulations, maintaining program funding, and effectively managing housing resources.
• The Department continue commitment and dedication to enhancing the IMS/PIC submission rate and promptly addressing fatal errors upholding the highest standards of program integrity and compliance.
• Achieving a multifaceted approach that includes comprehensive training for staff to ensure proficiency in accurate data entry and system navigation. The department has established clear protocols for conducting regular data reviews, enabling early detection and resolution of inconsistencies. Leveraging tools further facilitates the identification and correction of errors in real time, minimizing disruptions in reporting processes.
• The Department fosters close collaboration with other Public Housing Authorities (PHAs) and HUD to secure timely technical support and system updates, ensuring seamless operations to drive continuous improvement.
• The Department prioritized the establishment of performance metrics that monitor submission rates and track error resolution times, reinforcing compliance with HUD requirements and maintaining the overall effectiveness of its programs. These measures remains committed to achieving operational excellence and supporting the communities it serves.

6. PHA Goal: Increase choice in affordable housing and housing assistance through the following objective.
The department plays a vital role in addressing housing insecurity by empowering families and individuals to access safe, quality, and affordable housing. However, limited housing options in certain neighborhoods can constrain the program's ability to meet its full potential. Increasing choice in affordable housing ensures that voucher recipients are not confined to areas of concentrated poverty or declining structures but instead could move to neighborhoods that offer better economic prospects, educational resources, and overall quality of life. In addition to the following objectives:
• Maintaining appropriate voucher payment standards is critical to ensuring both affordability for program participants and the sustainability of the Housing Choice Voucher (HCV) program. Aligning payment standards with Fair Market Rent (FMR) levels, the Department can better reflect current market rental prices, easing the financial burden on low-income families while improving their access to quality housing.
• TDHCA takes a data-driven approach by analyzing rental market trends and strategically adjusting payment standards to help voucher holders remain competitive in securing housing.
• The department manages program resources within its voucher baseline, enabling it to serve the maximum number of eligible participants while maintaining operational efficiency. To support successful voucher utilization and lease-ups across units of varying bedroom sizes, TDHCA has established payment standards allowing rent payments up to 110% of the area's FMR across all bedroom categories.
• The Department recently received an award to administer 25 additional HUD-VASH vouchers within its jurisdiction, providing critical assistance to veterans in need.
• The Department recently collaborated with the Texas Department of Family and Protective Services (DFPS) and has formalized a Memorandum of Understanding and begun accepting referrals for Foster Youth to Independence (FYI) eligible youth, ensuring housing opportunities for vulnerable populations. Through these efforts, the Department remains committed to alleviating housing challenges and fostering stability for those it serves.
• The Department continues to collaborate with the Department of Health and Human Services to meet the unique needs of elderly individuals, people with a disability, and families transitioning out of nursing facilities, board and care, rehabilitation centers, and state hospitals.

7. PHA Goal: Sustain high-performer status under SEMAP.
The Department remains committed to maintaining its high-performer status under the Section Eight Management Assessment Program (SEMAP) through consistent and strategic efforts. Following the achievement of high-performer status for FY2022-2024 SEMAP submissions, the Department continues to uphold thorough standards within the HCV program ensuring the delivery of quality housing assistance to eligible families fostering a culture of accountability and excellence, the Department continues to uphold thorough standards within the Housing Choice Voucher (HCV) Program, ensuring the delivery of quality housing assistance to eligible families in addition to the following objectives:
• Maintain rigorous performance metrics by conducting regular evaluations of SEMAP indicators.
• Continue ongoing staff training to ensure efficient and accurate program administration.
• Periodic reviews of tenant files for accuracy have contributed to the development of internal processes and procedures, enhancing compliance with program rules and regulations.

8. PHA Goal: Transition Emergency Housing Voucher (EHV) families to Housing Choice Voucher (HCV) program.
U.S. Department of Housing and Urban Development (HUD) notified Public Housing Agencies (PHAs) in PIH Notice 2015-19 that HUD estimates funding for EHVs to end sometime in Calendar Year 2026. In the notice, HUD encouraged PHAs to transition EHV families to HCVs and provided guidance for transitioning. Additionally, HUD specified in their guidance that EHV families should be given preferential status and selected from the waitlist after application to the program.
The Department proposes to adopt an EHV preference on the HCV waiting list for families currently receiving assistance under its EHV Program. Families eligible for the EHV preference will have an additional preference if the head of household, co-head, or spouse, or single-member, is elderly (62+) or a person with disabilities. This transition will be voluntary for families and contingent on the availability of HCV unit-months. The PHA will ensure that families are fully informed of their options and the implications of remaining on EHV assistance.
Families will be notified of:
o The process for applying to the HCV waiting list under the EHV preference.
o The TDHCA HCV service area, which does not include all counties where EHV assisted families reside.
o The additional requirements for HCV that were waived for EHV, including the family income and composition requirements at annual and interim reexamination at 24 CFR 982.516.
o The optional nature of the transition for participating families.
o The expected exhaustion of EHV funding that will lead to the discontinuation of assistance for participating families.
Once transitioned, families will receive assistance under the PHA's consolidated HCV Annual Contributions Contract (24 CFR 982.4(b)).
The PHA must ensure HCV unit-months are available and comply with the prohibition on HCV over-leasing as outlined in PIH Notice 2025-13, Section IV.F.3.
EHV funding cannot be used to cover HCV Housing Assistance Payments (HAP) once a family has transitioned.

B.4	**Violence Against Women Act (VAWA) Goals.** Provide a statement of the PHA's goals, activities, objectives, policies, or programs that will enable the PHA to serve the needs of survivors of domestic violence, dating violence, sexual assault, or stalking. The Department will continue to comply with all requirements of HUD's Violence Against Women Act (VAWA) and its amendments.

B.5	**Project-Based Activities.** If a PHA intends to select one or more projects for project-based assistance without competition in accordance with 24 CFR 983.51(c), the PHA must include a statement of this intent.
C.	**Other Document and/or Certification Requirements.**
C.1	**Significant Amendment or Modification**. Provide a statement on the criteria used for determining a significant amendment or modification to the 5-Year Plan.

C.2	**Resident Advisory Board (RAB) Comments.** (a) Did the RAB(s) have comments to the 5-Year PHA Plan? Y N ☐ ☐ (b) If yes, comments must be submitted by the PHA as an attachment to the 5-Year PHA Plan. PHAs must also include a narrative describing their analysis of the RAB recommendations and the decisions made on these recommendations.
C.3	**Certification by State or Local Officials.** Form HUD-50077-SL, *Certification by State or Local Officials of PHA Plans Consistency with the Consolidated Plan*, must be submitted by the PHA as an electronic attachment to the PHA Plan.
C.4	**Challenged Elements.** If any element of the PHA Plan is challenged, a PHA must include such information as an attachment with a description of any challenges to Plan elements, the source of the challenge, and the PHA's response to the public. (a) Did the public challenge any elements of the Plan? Y N ☐ ☐ (b) If yes, include Challenged Elements.

Instructions for Preparation of Form HUD-50075-5Y - 5-Year PHA Plan for All PHAs

A. PHA Information. All PHAs must complete this section (24 CFR 903.4).

A.1 Include the full **PHA Name**, **PHA Code**, **PHA Fiscal Year Beginning** (MM/YYYY), **Five-Year Period** that the Plan covers, i.e. 2019-2023, **PHA Plan Submission Type**, and the **Availability of Information**, specific location(s) of all information relevant to the hearing and proposed PHA Plan.

PHA Consortia: Check box if submitting a Joint PHA Plan and complete the table.

B. Plan Elements.

B.1 Mission. State the PHA's mission for serving the needs of low- income, very low- income, and extremely low- income families in the PHA's jurisdiction for the next five years (24 CFR 903.6(a)(1)).

B.2 Goals and Objectives. Identify the PHA's quantifiable goals and objectives that will enable the PHA to serve the needs of low-income, very low- income, and extremely low- income families for the next five years (24 CFR 903.6(b)(1)).

B.3 Progress Report. Include a report on the progress the PHA has made in meeting the goals and objectives described in the previous 5-Year Plan (24 CFR 903.6(b)(2)).

B.4 Violence Against Women Act (VAWA) Goals. Provide a statement of the PHA's goals, activities objectives, policies, or programs that will enable the PHA to serve the needs of survivors of domestic violence, dating violence, sexual assault, or stalking (24 CFR 903.6(a)(3)).

B.5 Project-Based Activities. If a PHA intends to select one or more projects for project-based assistance without competition in accordance with § 983.51(c), the PHA must include a statement of this intent in its 5-Year Plan (or an amendment to the 5-Year Plan) in order to notify the public prior to making a noncompetitive selection (24 CFR 903.6(c)).

C. Other Document and/or Certification Requirements.

C.1 Significant Amendment or Modification. Provide a statement on the criteria used for determining a significant amendment or modification to the 5-Year Plan (24 CFR 903.7(s)(2)(ii)). For modifications resulting from the Rental Assistance Demonstration (RAD) program, refer to the 'Sample PHA Plan Amendment' found in Notice PIH-2012-32, REV 2.

C.2 Resident Advisory Board (RAB) comments.

(a) Did the public or RAB have comments?
(b) If yes, submit comments as an attachment to the Plan and describe the analysis of the comments and the PHA's decision made on these recommendations (24 CFR 903.17(b), 24 CFR 903.19).

C.3 Certification by State or Local Officials.

Form HUD-50077-SL, *Certification by State or Local Officials of PHA Plans Consistency with the Consolidated Plan*, must be submitted by the PHA as an electronic attachment to the PHA Plan.

C.4 Challenged Elements.

If any element of the Annual PHA Plan or 5-Year PHA Plan is challenged, a PHA must include such information as an attachment to the Annual PHA Plan or 5-Year PHA Plan with a description of any challenges to Plan elements, the source of the challenge, and the PHA's response to the public (24 CFR 903.23(b)).

This information collection is authorized by Section 511 of the Quality Housing and Work Responsibility Act, which added a new section 5A to the U.S. Housing Act of 1937, as amended, which introduced the 5-Year PHA Plan. The 5-Year PHA Plan provides the PHA's mission, goals, and objectives for serving the needs of low- income, very low- income, and extremely low- income families and the progress made in meeting the goals and objectives described in the previous 5-Year Plan.

Public reporting burden for this information collection is estimated to average 1.23 hours per year per response or 6.15 hours per response every five years, including the time for reviewing instructions, searching existing data sources, gathering, and maintaining the data needed, and completing and reviewing the collection of information. HUD may not collect this information, and respondents are not required to complete this form, unless it displays a currently valid OMB Control Number.

Privacy Notice. The United States Department of Housing and Urban Development is authorized to solicit the information requested in this form by virtue of Title 12, U.S. Code, Section 1701 et seq., and regulations promulgated thereunder at Title 12, Code of Federal Regulations. Responses to the collection of information are required to obtain a benefit or to retain a benefit. The information requested does not lend itself to confidentiality.

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1163 **Agenda Date:** 10/9/2025 **Agenda #:** 11.

Presentation, discussion and possible action regarding a waiver of 10 TAC §11.302(d)(1)(B) of the Qualified Allocation Plan (QAP) relating to miscellaneous income for Aster Villas (#25490).

RECOMMENDED ACTION

WHEREAS, a 4% Housing Tax Credit application for Aster Villas was submitted to the Department on September 8, 2025;

WHEREAS, the application submitted includes miscellaneous income in excess of $30 per unit, which is the maximum amount allowed under 10 TAC §11.302(d)(1)(B) of the 2025 Qualified Allocation Plan (QAP), thus rendering the development ineligible;

WHEREAS, subsequent to submitting the tax credit application, the applicant submitted a request to waive 10 TAC §11.302(d)(1)(B); and

WHEREAS, staff recommends a waiver be granted pursuant to 10 TAC §11.207 and based on specific factors relating to the application and structure of the Development;

NOW, therefore, it is hereby

RESOLVED, that a waiver of §11.302(d)(1)(B) of the 2025 QAP relating to miscellaneous income for Aster Villas is hereby granted.

BACKGROUND

General Information: Aster Villas is to be located in Pharr, Hidalgo County, and proposes the new construction of 196 units that will serve the elderly population (62+) and includes the development of a new administrative headquarters for the Pharr Housing Authority (PHA). The Certificate of Reservation from the Bond Review Board was issued under the Priority 3 designation, which does not require any specific restrictions on rent or income. The applicant has elected to use the Average Income set-aside, and, according to the tax credit application submitted, 50 units will be rent- and income-restricted at 50% of Area Median Income (AMI),

126 units will be rent- and income-restricted at 60% of AMI, 10 units will be rent- and income-restricted at 70% AMI, and 10 units will be rent- and income-restricted at 80% AMI.

Waiver Request: §11.302(d)(1)(B) of the QAP states the following,

"*Miscellaneous Income. All ancillary fees and miscellaneous secondary income, including but not limited to, late fees, storage fees, laundry income, interest on deposits, carport and garage rent, washer and dryer rent, telecommunications fees, and other miscellaneous income, are anticipated to be included in a $5 to $30 per Unit per month range. Projected income from tenant-based rental assistance will not be considered. Exceptions may be made at the discretion of the Underwriter and must be supported by either the normalized operating history of the Development or other existing comparable properties within the same market area."*

The rent schedule for Aster Villas includes $20 per unit per month in miscellaneous income derived from NSF fees, application fees, and vending. In addition, it includes $72.19 per unit per month in commercial rental income, totaling $14,149 per month, which the Applicant has requested be considered in the Department's underwriting. This income is based on a draft long-term lease agreement between the Development and the Pharr Housing Authority, which intends to construct and occupy 9,089 square feet of commercial space for its new headquarters. The Applicant has requested a waiver of the income policy outlined in §11.302(d)(1)(B), as the inclusion of this commercial income is necessary for the financial feasibility of the project.

Based on projected residential rents and the maximum allowable miscellaneous income, the Development generates a debt coverage ratio (DCR) of approximately 1.09. This is below the minimum 1.15 DCR required by Department underwriting standards and represents an estimated shortfall of approximately $5,500 per month. The Applicant has asserted that the project, as currently structured, is not financially feasible without consideration of the commercial lease income. As such, the waiver is necessary to allow the project to proceed.

According to the waiver request submitted, the Pharr Housing Authority will have multiple roles in the Development. These include direct involvement through the provision of Project-Based Vouchers (PBVs), the construction and occupancy of the on-site headquarters, and control of the Partnership through its instrumentality, the Pharr Housing Development Corporation. The Applicant proposes to enter into a 50-year lease agreement with the Pharr Housing Authority at a fair market rent, which is being substantiated by an excerpt from an appraisal in process for the HUD 221(d)(4) lender. Supporting documentation includes a CoStar report providing comparable commercial lease data from the area.

The commercial space is currently estimated to cost $405,606 to deliver in white box condition. The Applicant plans to enter into a separate general contractor agreement for this scope of work to ensure the cost can be properly segregated and excluded from eligible basis. The Pharr

Housing Authority will be responsible for the final finish-out of the space, to be completed under a separate contract outside the scope of the tax credit application.

Under §11.207 of the QAP, a waiver request must establish the following:

1. That the need for the waiver is not within the control of the Applicant or is due to an overwhelming need;
2. That granting the waiver serves the policies and purposes articulated in Tex. Gov't Code §§2306.001, 2306.002, 2306.359, and 2306.6701 more effectively than not granting the waiver; and
3. That the Board is not waiving any requirement contained in statute.

The Applicant believes that granting the waiver advances state housing goals by enabling the development of deeply affordable senior housing, with income targeting ranging from 30% AMI (via PBVs) up to 80% AMI. They also state this would be the first affordable development owned by a related party of the Pharr Housing Authority serving elderly residents in Pharr. The waiver would also allow the Housing Authority to centralize and modernize its operations, thereby expanding access to essential services. In support of the waiver, the Applicant cites Tex. Gov't Code §2306.001(1)(A), which calls for government action to address housing shortages and essential public services, and §2306.002(1) and (2), which emphasize the importance of safe and affordable housing through public-private cooperation.

Staff recognizes that the 50-year lease with a related governmental entity - specifically, the Pharr Housing Authority, which also serves as the General Partner - significantly reduces the risk typically associated with commercial or office tenancy. This long-term commitment from a mission-aligned public entity creates a uniquely stable occupancy arrangement, unlike traditional retail or office leases.

It is important to emphasize that this is a highly unique circumstance. In no way should this be interpreted as a precedent or indication that commercial income is allowable or appropriate when determining financial feasibility for LIHTC properties. Given the unusual nature of this situation and the reduced risk profile, Staff recommends approval of the waiver request.

September 19, 2025

Via Email

Jeanna Adams – jeanna.adams@tdhca.texas.gov

Texas Department of Housing and Community Affairs
221 E 11th Street
Austin, Texas 78701

Re: Waiver Request;
TDHCA Application #25490 – Aster Villas, Pharr, Texas;

Dear Ms. Adams,

On behalf of Aster Villas, LP (the "Partnership") and at the request of the Texas Department Housing and Community Affairs (the "Department"), we are writing to notify the Department of a waiver request of §11.302(d)(1)(B) of the 2025 Qualified Allocation Plan ("QAP") related to miscellaneous income for Aster Villas (the "Development"). In accordance with §11.207 of the QAP, we are providing information that supports the following:

- The waiver is due to an overwhelming need; and
- By granting the waiver, it better serves the policies and purposes articulated in Tex. Gov't Code §§2306.001, 2306.002, 2306.359, and 2306.6701;

BACKGROUND AND NEED

The Development is located in Pharr, TX, and will be comprised of 196 units serving individuals ages 62 and older at 50%, 60%, 70%, and 80% AMI levels. Fifty of the units will also have Project Based Vouchers ("PBVs") provided by Pharr Housing Authority, which will serve individuals at or below 30% AMI. As evidenced in the attached Exhibit A, the total demand for affordable units is 10,513, of which there are no current comparable units available. The Development's total capture rate is 1.9%, which indicates an overwhelming need for additional affordable units in Pharr, TX. A portion of the Development will be for commercial space (9,089 SF), which will be occupied by the Pharr Housing Authority for use as their new administrative headquarters. Pharr Housing Authority is a related party to Pharr Housing Development Corporation, the general partner, developer, and guarantor of the Partnership.

SERVING POLICIES OF TEXAS GOVERNMENT CODE §2306

By granting this waiver, the Department will assist Pharr in *providing essential public services for their residents* (§2306.001(1)(A)), by giving the Pharr Housing Authority an opportunity to develop a new administrative headquarters that will be integrated into the design of the Development. The Pharr Housing Authority is currently operating out of a small single-family house, as the former Executive Director sold their previous headquarters, leaving the Housing Authority with insufficient space to properly serve its purpose and mission.

Granting this waiver will also assist the Department in *providing for the housing needs of individuals and families of low, very low, and extremely low income and families of moderate income* (§2306.001(2)). The Development will serve AMIs ranging from 30% (via the PBVs) up to 80%, for individuals and families 62 and older.

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§2306.002(1) and (2) calls for public policy that *provides a decent, safe, and affordable living environment, with involvement from government at all levels*. The Development will be the first affordable housing development owned by a related party of the Pharr Housing Authority for residents 62+ in Pharr, TX. through utilization of private activity bonds (§2306.359) and low-income housing tax credits (§2306.6701). The Development will directly contribute to providing decent, safe, affordable housing to the Pharr community. The Pharr Housing Authority will have direct involvement in the Development via PBVs, an on-site headquarters, and control of the Partnership through its instrumentality, the Pharr Housing Development Corporation.

§11.302(d)(1)(B) OF THE QAP AND ADDITIONAL SUPPORT

Underwriting guidelines are outlined in §11.302 of the QAP. Specifically, §11.302(d)(1)(B) states the following:

> "(B) Miscellaneous Income. All ancillary fees and miscellaneous secondary income, including but not limited to, late fees, storage fees, laundry income, interest on deposits, carport and garage rent, washer and dryer rent, telecommunications fees, and other miscellaneous income, are anticipated to be included in a $5 to $30 per Unit per month range. Projected income from tenant-based rental assistance will not be considered. *Exceptions may be made at the discretion of the Underwriter and must be supported by either the normalized operating history of the Development or other existing comparable properties within the same market area*."

The Development is currently including miscellaneous income that exceeds the $30 per unit per month limit. This is due to expected commercial income received from the Pharr Housing Authority that plans to rent the headquarters via a long-term lease with the Partnership at current fair market rent. Included in our waiver request is an excerpt from the appraisal report being performed for Davis Penn, the 221(d)(4) lender for the Development (Exhibit B). Existing market comparable properties that were included in the appraisal have also been provided via the CoStar report (Exhibit C). A draft of the commercial lease is also included in this request, which shows a proposed term of 50 years, with monthly lease payments of $16,360 (Exhibit D).

The commercial space has been currently estimated at $405,606 for a white box finish out. This area is the ground floor of one of the residential buildings, and will have residential units positioned above and adjacent to it. The developer plans to enter into a separate GC contract for the white box build out, so this space can be properly accounted for and excluded from eligible basis for generating tax credits. The Pharr Housing Authority will be responsible for the finish out, and will contract this on their own outside of the scope of the tax credit application.

We understand this is a unique scenario, but given this commercial lease will be with a related party to the Partnership and is supported by existing comparable properties within the same market area, we believe this provides sufficient support to be allowed at the Department's discretion, or via a waiver under §11.207 of the QAP.

Lora Myrick (512) 785-3710 lora@betcohousinglab.com

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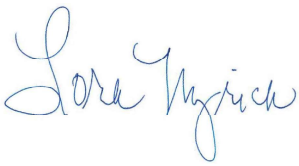
If you have any questions or would like to discuss these items further, please do not hesitate to contact me directly at (512) 785-3710 or via email at lora@betcohousinglab.com any time.

Sincerely,



Lora Myrick, Principal
BETCO Consulting, LLC

CC: Michael Beard, Lazaro Guerra, David Salazar, Felipe Martinez, Tanya Tapia, Teresa Morales, Jonathan Galvan

EXHIBIT A

Individual Unit, AMGI Band, and Overall Capture Rates

For each unit type by number of bedrooms and AMI level, the Individual Unit Capture Rate is defined as the Relevant Supply divided by the eligible demand for that unit. TDHCA defines the AMGI Band Capture Rate as the Relevant Supply divided by the Gross Demand for each AMGI level, and Overall Demand as the Relevant Supply divided by the Gross Demand overall. We have evaluated the Individual Unit, AMGI Band, and Overall Capture Rates for the Subject, as illustrated in the following table (where appropriate). It should be noted that, per TDHCA guidance, individual and AMGI band capture rates are not required for subsidized ("assisted") units.

INDIVIDUAL, AMGI BAND, AND GROSS CAPTURE RATES								
	Subject Units	*Relevant Supply* Comparable Units	Total Relevant Supply		Gross Demand	Gross Demand + External Demand*		Capture Rate
@50%								
1BR	50	0	50	/	1,106	1,216	=	4.1%
AMGI Band Capture Rate	**50**	**0**	**50**	/	**677**	**745**	=	**6.7%**
@60% (PBV)								
1BR	50	0	50	/	2,045	2,249	=	2.2%
AMGI Band Capture Rate	**50**	**0**	**50**	/	**3,219**	**3,541**	=	**1.4%**
@60%								
1BR	76	0	76	/	360	395	=	19.2%
AMGI Band Capture Rate	**76**	**0**	**76**	/	**2,616**	**2,877**	=	**2.6%**
@70%								
1BR	10	0	10	/	327	360	=	2.8%
AMGI Band Capture Rate	**10**	**0**	**10**	/	**1,839**	**2,023**	=	**0.5%**
@80%								
1BR	10	0	10	/	260	286	=	3.5%
AMGI Band Capture Rate	**10**	**0**	**10**	/	**1,206**	**1,327**	=	**0.8%**
GROSS DEMAND (LIHTC UNITS)								
Gross Demand	**196**	**0**	**146**	/	**9,558**	**10,513**	=	**1.4%**

*Some numbers may appear off due to rounding

Dividing the Subject's 196 total LIHTC units by the total demand of 10,513 households indicates a total gross capture rate of 1.9 percent for the LIHTC units, 90 percent of which is drawing from the PMA and 10 percent of which is drawing from outside the PMA, per TDHCA guidelines. The total Gross Capture Rate and all AMGI Band Capture Rate are below 10 percent, while all of the individual unit capture rates are below 65 percent or less; as such, all of the Subject's capture rates are below the TDHCA thresholds.

Demand Analysis Conclusions

The Demand Analysis illustrates demand for the Subject based on capture rates of size and income eligible households. When viewing total eligible senior households for the 196 total LIHTC units by the total demand of 10,513 senior households indicates a capture rate of 1.9 percent, 90 percent of which is drawing from the PMA and 10 percent of which is drawing from outside the PMA, per TDHCA guidelines. Additionally, all of the AMGI Band capture rates and the total Gross capture rate are below 10 percent, and the individual LIHTC unit capture rates are 19.7 percent or less, meeting the TDHCA threshold of 65 percent or less. These capture rates are considered good and are indicative of strong demand for the Subject's units. Per TDHCA guidelines, these calculations assume 10 percent leakage from outside the PMA.

EXHIBIT B

We have addressed any applicable 12+ month concessions in the reconciliation of market rent and the vacancy and collection loss should reflect only physical occupancy and slight collection loss. We project a vacancy loss for the subject property of 6.0%. In addition to physical vacancy loss and losses attributable to concessions, the subject will also suffer losses due to bad debt. An analysis of similar properties within the subject market indicates a range of 0.0% to 3.0% of total income. In light of such, we have estimated collection loss at 1.0% resulting in a total vacancy and collection loss factor of 9.0%.

RENTAL INCOME – COMMERCIAL SPACE

The subject project features 9,089 SF of leasable commercial office space located on the ground floor of the multifamily units. The commercial space appears to be configured in such a way as to take full advantage of the property's positive locational attributes and is developed in such a manner as to enhance the overall appeal of the subject's mixed-use design.

COMMERCIAL SPACE SUMMARY	
Type	**NRA (SF)**
Office	9,089
Total Commercial Space	**9,089**

OFFICE SPACE INCOME

Well located office space in the immediate area indicates actual rental rates that range from $14 to $37 on a triple net basis. The interior retail space will be new and of good quality and residents of the buildings will enhance traffic. The following retail rents were utilized for this report.

QUOTED OFFICE COMPARABLES									
No.	Name	Location	YOC	Occupancy	Unit SF	Rental Rate	Lease Terms	Lease Terms	Lease Date
1	McAllen Business Center	824 E Hackberry Ave	2010	89%	1,300	$13.20	NNN	24 - 48 months	Aug-25
2	Monaco Plaza	600 N McColl Rd	1992	92%	2,070	$21.60	NNN	24 - 60 months	N/A
3	America Plaza	1313 W Polk St	2005	57%	1,400	$16.20	NNN	36 - 60 months	Aug-25
4	495 Crossing	1618 N Veterans Blvd	2005	89%	1,250	$15.00	NNN	12 - 36 months	N/A

Vacancy for the overall Pharr Office submarket decreased to 4.06% in the second quarter 2025. That compares to 6.77% in the first quarter 2025, 7.15% in the fourth quarter 2024, and 7.31% in the third quarter 2024.

Class A (4 & 5 Star) projects reported a vacancy rate of 0.00% at the end of the second quarter 2025, 0.00% at the end of the first quarter 2025, 0.00% at the end of the fourth quarter 2024, and 0.00% at the end of the third quarter 2024.

The average asking rental rate for available Office space, all classes, was $20.26 psf at the end of the second quarter 2025 in the Pharr submarket area. This represented a 0.1% increase in quoted rental rates from the end of the first quarter 2025, when rents were reported at $20.23.

The subject will be brand new space and should command a rental rate similar to the submarket average and within the comparable data. Further, the proposed office space will directly benefit from the multi-family components.

As the residential rent comparables were analyzed on the 92273 form, a similar adjustment process was considered for the office rent comparables. After review, only location, size, age/condition, occupancy, and quality would require adjustments.

824 E Hackberry Ave (McAllen Business Center, 89% occupied) reflects the rental rate for office space on the first floor with a similar location. The 1,300 SF space was signed in August 2025 NNN at $13.20/SF. This space was built in 2010 and is in average condition. Overall, this comparable was adjusted downward for superior size and upward for location and inferior age/quality.

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600 N McColl Rd (Monaco Plaza - 92% occupied) reflects the rental rate for office space on the first floor with a similar location. The 2,070 SF space is available for lease NNN at $21.60/SF. This space was built in 1992 and is in average condition. Overall, this comparable was adjusted downward for superior size and upward for location and inferior age/quality.

1313 W Polk St (America Plaza - 57% occupied) reflects the rental rate for office space on the first floor with a similar location. The 1,400 SF space was signed in August 2025 NNN at $16.20/SF. This space was built in 2005 and is in average condition. Overall, this comparable was adjusted downward for superior size and upward for location and inferior age/quality.

1618 N Veterans Plaza (495 Crossing - 89% occupied) reflects the rental rate for office space on the first floor with a generally similar location. This 1,250 SF space is available for lease NNN at $15.00/SF. This space was built in 2005 and in average condition. Overall, this comparable was adjusted downward for superior size and upward for location and inferior age/quality.

A summary of the comparable adjustments is provided in the table below.

OFFICE RENT ADJUSTMENT GRID – per Square Foot					
	Subject	Comp 1	Comp 2	Comp 3	Comp 4
Lease Date	—	Aug-25	N/A	Aug-25	N/A
Rent Rate per SF		$13.20	$21.60	$16.20	$15.00
Physical Characteristics					
Location		5.0%	5.0%	5.0%	5.0%
Size		-5.0%	-5.0%	-5.0%	-5.0%
Age/Quality		5.0%	5.0%	5.0%	5.0%
Occupancy		0.0%	0.0%	5.0%	0.0%
Subtotal Net Adjustments		**5.0%**	**5.0%**	**10.0%**	**5.0%**
Adjusted Price per SF		**$13.86**	**$22.68**	**$17.82**	**$15.75**

Overall, the subject is considered superior to the comparables and warrants a rental rate at the upper end of the comparable range.

As previously mentioned, the subject's office space will directly benefit from the multi-family components. Based on our previous analysis of the office market and considering the subject's competitive position within the market, the subject's office rental income is estimated as follows.

RECONCILED SUBJECT OFFICE RENTAL INCOME				
Description	Size (SF)	Monthly Rent	Annual Rent/SF	Total Rental Income
Office Space	9,089	$16,360	$21.60	$196,322
Total Office Income	**9,089**	**$16,360**		**$196,322**

Commercial leases in the immediate area are typically of the "triple net" lease type. The practice of "triple net" leases in which the tenant reimburses the landlord for taxes, insurance, and common area maintenance expenses is well supported in the local market and will be employed in this analysis.

EXPENSE REIMBURSEMENT INCOME

The developer plans to lease the retail on a "triple net" basis in which tenants will reimburse the landlord for taxes, insurance, and CAM charges with the utilities being billed directly to the tenant as is common in the local market.

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EXHIBIT C

824 E Hackberry Ave - McAllen Business Center

McAllen, Texas 78501 (Hidalgo County) - Greater McAllen Submarket

Flex

Property Summary

RBA (% Leased)	11,273 SF (88.5%)
Built	2010
Tenancy	Multiple
Available	1,300 SF
Max Contiguous	1,300 SF
Asking Rent	$15.60 SF/Year/NNN
Clear Height	14'
Drive Ins	None
Docks	None
Levelers	None

Property Details

Land Area	0.95 AC (41,382 SF)	Zoning	C-4
Building FAR	0.27	Parcel	V2770-02-000-005A-00
Power	Yes		

For Lease Summary

Number of Spaces	1	Asking Rent	$15.60 SF/Year
Smallest Space	1,300 SF	Service Type	Triple Net
Max Contiguous	1,300 SF	CAM	$3.24/SF
Vacant	2,600 SF	Office Available	1,300 SF
% Leased	88.5%		

NAI Rio Grande Valley: Laura Liza Paz, SIOR (956) 227-8000

Available Spaces

Floor	Suite	Use	Type	SF Available	Floor Contiguous	Building Contiguous	Rent/SF/Year	Occupancy	Term
P 1	150	Office	Direct	1,300	1,300	1,300	$15.60 NNN	Vacant	2 - 4 Years

NAI Rio Grande Valley: Laura Liza Paz, SIOR (956) 227-8000

Office space available. Located on Hackberry, between Jackson and McColl Road (McAllen Business Center) in McAllen. This 1,300sf office is available for lease. It is suitable for any professional business office. The property consists of 1 spacious open office, a kitchenette, and two restrooms. The plaza has easy access to city streets and Expressway 83. (No overhead door for this suite)
Agent Remarks: $1.30 psf. Monthly + NNN $0.27= $2,041 List Price

Transportation

Traffic Volume	10,031 on N I Ln (2018); 20,046 on E Hackberry Ave (2018); 12,862 on N Cynthia St (2018); 22,265 on Cedar Ave (2020); 23,981 on Cedar Ave (2025); 23,940 on Cedar Ave (2024); 1,049 on E Hackberry Ave (2018); 22,093 on E Hackberry Ave (2024); 20,328 on E Lakeview Dr (2018); 12,405 on San Patricia Dr (2018)	
Airport	McAllen International	8 min drive
Walk Score ®	Somewhat Walkable (54)	

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Contacts

Type	Name	Location	Phone
Recorded Owner	Pamota Llc	McAllen, TX 78501	-

Market Conditions

Vacancy Rates	Current	YOY Change
Subject Property	23.1%	↑ 23.1%
Submarket 1-3 Star	5.3%	↑ 0.3%
Market Overall	6.1%	↑ 2.1%

Submarket Leasing Activity	Current	YOY Change
12 Month Leased	726,051 SF	↑ 43.6%
Months on Market	4.9	↓ -1.7 mo

Market Asking Rent Per Area	Current	YOY Change
Subject Property	$16.44/SF	↑ 0.7%
Submarket 1-3 Star	$9.35/SF	↑ 0.9%
Market Overall	$9.47/SF	↑ 0.8%

Submarket Sales Activity	Current	Prev Year
12 Month Sales Volume	$4.07M	$840K
Market Sale Price Per Area	$79/SF	$73/SF

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Property Summary

GLA (% Leased)	11,036 SF (0.0%)
Built	2024
Tenancy	Multiple
Available	2,414 - 11,036 SF
Max Contiguous	11,036 SF
Asking Rent	$15.00 SF/Year/NNN
Frontage	275' on McColl

Property Details

Land Area	1.14 AC (49,658 SF)	Parcel	F3671-00-000-0001-00
Building FAR	0.22		

For Lease Summary

Number of Spaces	1	Asking Rent	$15.00 SF/Year
Smallest Space	2,414 SF	Service Type	Triple Net
Max Contiguous	11,036 SF	CAM	$3.36/SF
Vacant	11,036 SF	Office/Retail Available	11,036 SF
% Leased	0.0%		

Titus Development: Fred Harms (956) 373-5298

Available Spaces

Floor	Suite	Use	Type	SF Available	Floor Contiguous	Building Contiguous	Rent/SF/Year	Occupancy	Term
P 1	-	Office/Retail	Direct	2,414 - 11,036	11,036	11,036	$15.00 NNN	Vacant	Negotiable

Titus Development: Fred Harms (956) 373-5298

Office /Store front with warehouse space rear. 40% warehouse. Flex space is currently under construction. ETA is April 1st, 2025. Units can be customized to meet tenets needs. Ranging from 2,414 to 11,000 sq. ft.

Transportation

Traffic Volume	20,017 on N McColl Rd (2020); 22,119 on N McColl Rd (2025); 23,233 on N McColl Rd (2024); 18,755 on Hwy 83 Bus (2024); 18,724 on Hwy 83 Bus (2022); 23,940 on Cedar Ave (2024); 23,981 on Cedar Ave (2025); 22,265 on Cedar Ave (2020); 834 on S McColl Rd (2018); 9,311 on E Dallas Ave (2018)	
Frontage	275' on McColl	
Airport	McAllen International	7 min drive
Walk Score ®	Car-Dependent (48)	

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Tenants

Tenant Name	Floor	SF Occupied	Employees	Move Date	Expiration
Hype Dist.	1	2,000	-	Nov 2024	Apr 2026

Showing 1 of 1 Tenants

Contacts

Type	Name	Location	Phone
Recorded Owner	Series 3-101 Mccoll	Mcallen, TX 78501	-
True Owner	Titus Development	McAllen, TX 78501	(956) 631-6900

Market Conditions

Vacancy Rates	Current	YOY Change
Subject Property	100.0%	-
Submarket 2-4 Star	3.1%	↓ -0.5%
Market Overall	2.7%	↓ -0.1%

Submarket Leasing Activity	Current	YOY Change
12 Month Leased	317,689 SF	↑ 135.3%
Months on Market	11.5	↑ 1.6 mo

Market Asking Rent Per Area	Current	YOY Change
Subject Property	$15.00/SF	↑ 7.8%
Submarket 2-4 Star	$23.34/SF	↑ 2.7%
Market Overall	$21.30/SF	↑ 2.3%

Submarket Sales Activity	Current	Prev Year
12 Month Sales Volume	$17.23M	$16.66M
Market Sale Price Per Area	$168/SF	$168/SF

Property Notes

Northwest corner of Business 83 and McColl

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Property Summary

RBA (% Leased)	27,124 SF (92.4%)
Built	1992
Stories	1
Elevators	None
Typical Floor	27,124 SF
Tenancy	Multiple
Available	2,070 SF
Max Contiguous	2,070 SF
Asking Rent	$21.60 SF/Year/NNN
Parking Spaces	200 (7.37/1,000 SF)

Property Details

Land Area	0.76 AC (33,106 SF)	Owner Occupied	No
Building FAR	0.82	Zoning	C-3
Parcel	M5680-00-000-0001-00 (+1 more)		

For Lease Summary

Number of Spaces	1	Asking Rent	$21.60 SF/Year
Smallest Space	2,070 SF	Service Type	Triple Net
Max Contiguous	2,070 SF	CAM	$3.60/SF
Vacant	2,070 SF	Office Available	2,070 SF
% Leased	92.4%		

NAI Rio Grande Valley: Laura Liza Paz, SIOR (956) 227-8000

Amenities

- Bus Line
- Signage

Available Spaces

Floor	Suite	Use	Type	SF Available	Floor Contiguous	Building Contiguous	Rent/SF/Year	Occupancy	Term
P 1	602	Office	Direct	2,070	2,070	2,070	$21.60 NNN	Vacant	2 - 5 Years

NAI Rio Grande Valley: Laura Liza Paz, SIOR (956) 227-8000

One suite available. 2,070 SF available. The location is appropriate for service businesses that need office and showroom space with great visibility and quick access to Interstate 2 and I-69.
Agent Remarks: Base Rent is $1.80 SF Monthly + $0.30 SF Monthly NNN= $ List Price

Transportation

Parking Details	200 Surface Spaces; Ratio of 7.37/1,000 SF
Traffic Volume	10,031 on N I Ln (2018); 12,862 on N Cynthia St (2018); 20,046 on E Hackberry Ave (2018); 22,265 on Cedar Ave (2020); 23,981 on Cedar Ave (2025); 23,940 on Cedar Ave (2024); 1,049 on E Hackberry Ave (2018); 20,328 on E Lakeview Dr (2018); 22,119 on N McColl Rd (2025); 20,017 on N McColl Rd (2020)

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Transportation (Continued)

Airport	McAllen International	9 min drive
	Valley International	44 min drive
Walk Score ®	Somewhat Walkable (60)	

Tenants

Tenant Name	Floor	SF Occupied	Employees	Move Date	Expiration
Staff Force	1	1,500	4	Apr 2025	-
Alliance Specialized Systems, Llc	1	400	3	Nov 2012	-

Showing 2 of 2 Tenants

Contacts

Type	Name	Location	Phone
Recorded Owner	Tany	McAllen, TX 78501	-
True Owner	Eduardo Zegaib Seba	McAllen, TX 78501	-

Market Conditions

Vacancy Rates	Current	YOY Change
Subject Property	7.6%	↓ -3.8%
Submarket 1-3 Star	2.4%	↓ -0.8%
Market Overall	2.7%	↓ -0.4%

Submarket Leasing Activity	Current	YOY Change
12 Month Leased	95,682 SF	↓ -19.4%
Months on Market	13.6	↑ 1.7 mo

Market Asking Rent Per Area	Current	YOY Change
Subject Property	$21.54/SF	↑ 7.2%
Submarket 1-3 Star	$23.66/SF	↑ 2.7%
Market Overall	$23.56/SF	↑ 2.6%

Submarket Sales Activity	Current	Prev Year
12 Month Sales Volume	$6.34M	$3.6M
Market Sale Price Per Area	$205/SF	$203/SF

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4 1313-1315 W Polk St - America Plaza

Pharr, Texas 78577 (Hidalgo County) - Pharr Submarket

★★☆☆☆

Office

Property Summary

RBA (% Leased)	17,641 SF (57.4%)
Built	2005
Stories	1
Elevators	None
Typical Floor	17,641 SF
Tenancy	Multiple
Available	680 - 7,520 SF
Max Contiguous	1,400 SF
Asking Rent	$14.16 - 16.20 SF/Year/NNN
Parking Spaces	92 (5.22/1,000 SF)

Property Details

Land Area	1.36 AC (59,242 SF)	Zoning	C-3
Building FAR	0.30	Parcel	A4230-00-000-0001-00
Owner Occupied	No		

For Lease Summary

Number of Spaces	10	Asking Rent	$14.16 - 16.20 SF/Year
Smallest Space	680 SF	Service Type	Triple Net
Max Contiguous	1,400 SF	CAM	$1.32 - 75.00/SF
Vacant	7,520 SF	Office Available	7,520 SF
% Leased	57.4%		

NAI Rio Grande Valley: Laura Liza Paz, SIOR (956) 227-8000

Amenities

- Bus Line
- Signage

Available Spaces

Floor	Suite	Use	Type	SF Available	Floor Contiguous	Building Contiguous	Rent/SF/Year	Occupancy	Term
P 1	11	Office	Direct	1,400	1,400	1,400	$16.20 NNN	Vacant	3 - 5 Years

NAI Rio Grande Valley: Laura Liza Paz, SIOR (956) 227-8000

1,400 SF available.

Floor	Suite	Use	Type	SF Available	Floor Contiguous	Building Contiguous	Rent/SF/Year	Occupancy	Term
P 1	30	Office	Direct	680	680	680	$14.16 NNN	Vacant	3 - 5 Years

NAI Rio Grande Valley: Laura Liza Paz, SIOR (956) 227-8000

Professional Plaza with 14 suites available for lease. Located between Jackson Rd and North Sugar Rd in Pharr. Suitable for any type of professional or office use. Each suite features a reception area, 2-4 offices with a kitchenette, and a private restroom.
Agent Remarks: Base Rent is $1.18 psf monthly + $75.00 (Monthly CAM) = $875 List Price

Floor	Suite	Use	Type	SF Available	Floor Contiguous	Building Contiguous	Rent/SF/Year	Occupancy	Term
P 1	28	Office	Direct	680	680	680	$14.16 NNN	Vacant	3 - 5 Years

NAI Rio Grande Valley: Laura Liza Paz, SIOR (956) 227-8000

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Available Spaces (Continued)

Floor	Suite	Use	Type	SF Available	Floor Contiguous	Building Contiguous	Rent/SF/Year	Occupancy	Term
Professional Plaza with 14 suites available for lease. Located between Jackson Rd and North Sugar Rd in Pharr. Suitable for any type of professional or office use. Each suite features a reception area, 2-4 offices with a kitchenette, and a private restroom. Agent Remarks: Base Rent is $1.18 psf monthly + $75.00 (Monthly CAM) = $875 List Price									
P 1	25	Office	Direct	680	680	680	$14.16 NNN	Vacant	3 - 5 Years
NAI Rio Grande Valley: Laura Liza Paz, SIOR (956) 227-8000									
Professional Plaza with 14 suites available for lease. Located between Jackson Rd and North Sugar Rd in Pharr. Suitable for any type of professional or office use. Each suite features a reception area, 2-4 offices with a kitchenette, and a private restroom. Agent Remarks: Base Rent is $1.18 psf monthly + $75.00 (Monthly CAM) = $875 List Price									
P 1	21	Office	Direct	680	680	680	$14.16 NNN	Vacant	3 - 5 Years
NAI Rio Grande Valley: Laura Liza Paz, SIOR (956) 227-8000									
Professional Plaza with 14 suites available for lease. Located between Jackson Rd and North Sugar Rd in Pharr. Suitable for any type of professional or office use. Each suite features a reception area, 2-4 offices with a kitchenette, and a private restroom. Agent Remarks: Base Rent is $1.18 psf monthly + $75.00 (Monthly CAM) = $875 List Price									
P 1	20	Office	Direct	680	680	680	$14.16 NNN	Vacant	3 - 5 Years
NAI Rio Grande Valley: Laura Liza Paz, SIOR (956) 227-8000									
Professional Plaza with several suites available for lease, totaling 6,160 SF. The tenant may combine certain suites that have an adjoining door to accommodate more space for the tenant's needs. Located between Jackson Rd and North Sugar Rd in Pharr. Suitable for any type of professional or office use. Each suite is 680 SF and features a reception area, 2-4 offices with a kitchenette, and a private restroom. Suite 11 is 1,400 SF and is also available for lease. Please see flyer attached.									
P 1	19	Office	Direct	680	680	680	$14.16 NNN	Vacant	3 - 5 Years
NAI Rio Grande Valley: Laura Liza Paz, SIOR (956) 227-8000									
Professional Plaza with 14 suites available for lease. Located between Jackson Rd and North Sugar Rd in Pharr. Suitable for any type of professional or office use. Each suite features a reception area, 2-4 offices with a kitchenette, and a private restroom. Agent Remarks: Base Rent is $1.18 psf monthly + $75.00 (Monthly CAM) = $875 List Price									
P 1	17	Office	Direct	680	680	680	$14.16 NNN	Vacant	3 - 5 Years
NAI Rio Grande Valley: Laura Liza Paz, SIOR (956) 227-8000									
Professional Plaza with 14 suites available for lease. Located between Jackson Rd and North Sugar Rd in Pharr. Suitable for any type of professional or office use. Each suite features a reception area, 2-4 offices with a kitchenette, and a private restroom. Agent Remarks: Base Rent is $1.18 psf monthly + $75.00 (Monthly CAM) = $875 List Price									
P 1	15	Office	Direct	680	680	680	$14.16 NNN	Vacant	3 - 5 Years
NAI Rio Grande Valley: Laura Liza Paz, SIOR (956) 227-8000									
Professional Plaza with 20 suites available for lease. Located between Jackson Rd and North Sugar Rd in Pharr. Suitable for any type of professional or office use. Each suite features a reception area, 2-4 offices with a kitchenette, and a private restroom. Agent Remarks: Base Rent is $1.18 psf monthly + $75.00 (Monthly CAM) = $875 List Price									
P 1	12	Office	Direct	680	680	680	$14.16 NNN	Vacant	3 - 5 Years
NAI Rio Grande Valley: Laura Liza Paz, SIOR (956) 227-8000									
Professional Plaza with 20 suites available for lease. Located between Jackson Rd and North Sugar Rd in Pharr. Suitable for any type of professional or office use. Each suite features a reception area, 2-4 offices with a kitchenette, and a private restroom.									

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For Sale Summary

Asking Price	$2,000,000 ($113.37/SF)	Land	1.36 AC
Status	Active	Built	2005
Sale Type	Investment	On Market	2,766 Days
RBA (% Leased)	17,641 SF (57.4%)	Last Update	August 25, 2025

Transportation

Parking Details	92 Surface Spaces; Ratio of 5.22/1,000 SF	
Traffic Volume	11,805 on San Patricia Dr (2018); 12,405 on San Patricia Dr (2018); 22,093 on E Hackberry Ave (2024); 122,209 on Hwy 83 Bus (2020); 117,105 on W Egly Ave (2025); 111,818 on Hwy 83 Bus (2024); 5,763 on W Polk Ave (2025); 7,618 on W Polk Ave (2018); 8,208 on W Expy 83 (2025); 24,793 on Expy 83 (2024)	
Airport	McAllen International	8 min drive
Walk Score ®	Car-Dependent (43)	

Tenants

Tenant Name	Floor	SF Occupied	Employees	Move Date	Expiration
Red Robin	1	12,000	80	Jul 2016	-
Saldivar Home Health Inc	1	1,500	10	Sep 2009	-
Pedia Pros Home Health	1	1,400	-	Feb 2017	-
C & O Tax Services	1	1,360	-	May 2018	-
Lifeline Valley Care	1	800	-	Aug 2012	-

Showing 5 of 12 Tenants

Contacts

Type	Name	Location	Phone
Recorded Owner	Pamota	McAllen, TX 78501	-
True Owner	Conceptual Investments Ltd	McAllen, TX 78501	(956) 682-4801

Market Conditions

Vacancy Rates	Current	YOY Change
Subject Property	42.6%	↑ 31.1%
Submarket 1-3 Star	3.9%	↓ -2.8%
Market Overall	2.7%	↓ -0.4%

Submarket Leasing Activity	Current	YOY Change
12 Month Leased	7,082 SF	↓ -86.3%
Months on Market	11.3	↑ 4.8 mo

Market Asking Rent Per Area	Current	YOY Change
Subject Property	$19.23/SF	↑ 1.3%
Submarket 1-3 Star	$20.38/SF	↑ 2.7%
Market Overall	$23.56/SF	↑ 2.6%

Submarket Sales Activity	Current	Prev Year
12 Month Sales Volume	$342.28K	$0
Market Sale Price Per Area	$158/SF	$157/SF

Property Notes

Each space has 2 offices with reception area , 1 bathroom and a coffee bar. All suites are same size. Suites 27/29/31 all have a conjoint door to each other. If you are needing to lease more square footage or office space, leasing two of those office will be a great deal for Monthly rent of $1,100.00 with triple Net

BBG REAL ESTATE SERVICES
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Property Notes (Continued)

included.

North Jackson Rd towards Hackberry/Polk Ave. East on Hackberry/Polk, a block from Jackson Rod, to your right is America Plaza. Just a block from Univision TV station.

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5 1618 N Veterans Blvd

San Juan, Texas 78589 (Hidalgo County) - Outlying Hidalgo County Submarket

★★★☆☆

Retail

Property Summary

GLA (% Leased)	22,959 SF (89.1%)
Built	2005
Tenancy	Multiple
Available	1,250 - 2,500 SF
Max Contiguous	1,250 SF
Asking Rent	$15.00 SF/Year/NNN
Parking Spaces	85 (3.70/1,000 SF)
Frontage	561' on North Veterans Boulevard

Property Details

Land Area	2.49 AC (108,464 SF)	Parcel	J5700-00-005-0012-00
Building FAR	0.21		

For Lease Summary

Number of Spaces	2	Asking Rent	$15.00 SF/Year
Smallest Space	1,250 SF	Service Type	Triple Net
Max Contiguous	1,250 SF	CAM	$4.74/SF
Vacant	2,500 SF	Office/Retail Available	2,500 SF
% Leased	89.1%		

API Real Estate: Sergio Adame (210) 845-4419

Available Spaces

Floor	Suite	Use	Type	SF Available	Floor Contiguous	Building Contiguous	Rent/SF/Year	Occupancy	Term
P 1	J	Office/Retail	Direct	1,250	1,250	1,250	$15.00 NNN	Vacant	1 - 3 Years
API Real Estate: Sergio Adame (210) 845-4419									
P 1	O	Office/Retail	Direct	1,250	1,250	1,250	$15.00 NNN	Vacant	1 - 3 Years
API Real Estate: Sergio Adame (210) 845-4419									

Previous Sale

Sale Date	12/19/2024	Sale Type	Investment
Sale Price	Withheld	Comp Status	Research Complete
Comp ID	7019711		

Transportation

Parking Details	85 Surface Spaces; Ratio of 3.70/1,000 SF
Traffic Volume	15,411 on N Veterans Blvd (2025); 13,966 on State Hwy 495 (2018); 22,799 on E Northpoint Dr (2022); 22,837 on E Northpoint Dr (2024); 16,498 on N Juniper St (2025); 14,300 on Expy 83 (2018); 1,277 on State Hwy 495 (2018); 16,894 on Alameda Rd (2018); 143,469 on E Jupiter St (2022); 131,644 on E Jupiter St (2025)
Frontage	561' on North Veterans Boulevard

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Transportation (Continued)

Airport	McAllen International	11 min drive
Walk Score ®	Somewhat Walkable (58)	

Tenants

Tenant Name	Floor	SF Occupied	Employees	Move Date	Expiration
Aimee Studio Fotografia	1	2,000	2	Oct 2017	-
San Juan Cafe	1	2,000	13	Oct 2017	-
Vudoo Lounge	1	2,000	4	Dec 2018	-
Credit Central	1	1,750	3	Jul 2017	-
Maria's Weight Loss Products	1	1,500	3	Aug 2019	-

Showing 5 of 14 Tenants

Contacts

Type	Name	Location	Phone
Recorded Owner	G5 Crossing San Juan Llc	Houston, TX 77089	-
Property Management	MAZ	Houston, TX 77027	(713) 900-5555

Market Conditions

Vacancy Rates	Current	YOY Change
Subject Property	10.9%	↑ 10.9%
Submarket 2-4 Star	2.4%	↓ -0.3%
Market Overall	2.7%	↓ -0.1%

Submarket Leasing Activity	Current	YOY Change
12 Month Leased	84,179 SF	↓ -51.3%
Months on Market	6.0	↓ -4 mo

Market Asking Rent Per Area	Current	YOY Change
Subject Property	$15.02/SF	↑ 1.9%
Submarket 2-4 Star	$19.92/SF	↑ 2.0%
Market Overall	$21.30/SF	↑ 2.3%

Submarket Sales Activity	Current	Prev Year
12 Month Sales Volume	$17.32M	$14.87M
Market Sale Price Per Area	$178/SF	$174/SF

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EXHIBIT D

TEXAS COMMERCIAL LEASE AGREEMENT

I. THE PARTIES.

This Commercial Lease Agreement (“Agreement”) made on September ____, 2025. by and between: Landlord: Aster Villas, LP, with a mailing address of 1005 W. Gore Avenue, Pharr, Texas 78577 ("Landlord") who agrees to lease the Premises to: Tenant: Pharr Housing Authority, with a mailing address of 1005 W. Gore Avenue, Pharr, Texas 78577 ("Tenant"), who agrees to rent the Premises under the following terms: Collectively the Landlord and Tenant shall be known as the “Parties.”

II. DESCRIPTION OF LEASED PREMISES. The Landlord agrees to lease to the Tenant the following described space:

Street Address: 102 W. Polk Avenue, Pharr, TX 78577
Square Feet: 9089 SF
Type of Space: Office

Hereinafter known as the "Premises."

III. USE OF LEASED PREMISES. The Tenant agrees to use the Premises for office space and for any other purposes legal under law

IV. TERM OF LEASE. The term of this Agreement shall be for a period of fifty years commencing on January 1, 2027 and expiring at midnight on December 31, 2077 (“Initial Term”).

V. SECURITY DEPOSIT. The Tenant is not Required to Pay a Deposit. There shall be no deposit required for the successful performance of this Agreement by the Tenant (“Security Deposit”).

VI. RENT. The Tenant shall be obligated to pay $16,360.00 each month with the first payment due upon the commencement of this Agreement and each monthly installment payable thereafter on the 1st day of each month (“Due Date”) after the Initial Term (“Base Rent”). The Base Rent shall also be applied to any pro-rata period when the Tenant occupies the Premises for less than a one (1) month period. There shall be a rent increase of 3% on the anniversary date of the commencement of the lease on an annual basis during the initial fifty year term.

VII. LATE FEE. If Rent has not been paid on the Due Date, there shall be a Late Fee. If the Rent is not paid within ten (10) days of the Due Date, the Landlord will charge a flat fee penalty. The late fee shall be equal to $100 and applied each day until the Rent is paid in full. All late payments made related to Rent shall be first applied to the late fee and all remaining amounts toward the outstanding Rent amounts.

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VIII. EXPENSES. This Lease is intended to be a TRIPLE NET (NNN) LEASE.

a.) Operating Expenses. The Landlord shall have no obligation to provide any services, perform any acts, or pay expenses, charges, obligations, or costs of any kind whatsoever with respect to the Premises. The Tenant hereby agrees to pay one hundred percent (100%) of all Operating Expenses as hereafter defined for the Term of this Agreement and any extensions thereof in accordance with specific provisions hereinafter set forth. The term "Operating Expenses" shall include all costs to the Landlord of operating and maintaining the Premises and shall include, without limitation, real estate and personal property taxes and assessments, management fee(s), heating, air conditioning, HVAC, electricity, water, waste disposal, sewage, operating materials and supplies, service agreements and charges, lawn care, snow removal, restriping, repairs, repaving, cleaning and custodial, security, insurance, the cost of contesting the validity or applicability of any governmental acts which may affect operating expenses, and all other direct operating costs of operating and maintaining the Premises and related parking areas, unless expressly excluded from operating expenses.

b.) Taxes. Tenant shall pay, during the Term of this Agreement, the real estate taxes, including any special taxes or assessments (collectively, the "taxes") attributable to the Premises and accruing during the Term. Tenant, at Landlord's option, shall pay to Landlord said taxes on a monthly basis, based on one-twelfth (1/12) of the estimated annual amount for taxes. Taxes for any fractional calendar year during the Term hereof shall be prorated. In the event the Tenant does not make any tax payment required hereunder, Tenant shall be in default of this Agreement.

c.) Insurance. Tenant shall maintain, at all times during the Initial Term of this Agreement, comprehensive general liability insurance in an insurance company licensed to do business in the State in which the Premises are located and that is satisfactory to Landlord, properly protecting and indemnifying Landlord with single limit coverage of not less than $1,000,000.00 for injury or death, $500,000.00 for property damage and $1,000,000.00 for casualty insurance. During the Term of this Agreement, Tenant shall furnish the Landlord with certificate(s) of insurance, in a form acceptable to Landlord, covering such insurance so maintained by Tenant and naming Landlord and Landlord's mortgagees, if any, as additional insured.

IX. OPTION TO RENEW. The Tenant may Renew this Agreement. The Tenant may have the option to renew this Agreement with a total of two (2) renewal period(s) with each term being twenty-five years, which may be exercised by giving written notice to the Landlord no less than 60 days prior to the expiration of this Agreement or renewal

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period thereafter ("Renewal Periods"). The Initial Term and any renewal periods mentioned shall be collectively referred to as the "Term."

X. LEASEHOLD IMPROVEMENTS. The Tenant agrees that no leasehold improvements, alterations, or changes of any nature (except for those listed on any attached addenda) shall be made to the leasehold premises or the exterior of the building without first obtaining the consent of the Landlord in writing, which consent shall not be unreasonably withheld, and thereafter, any and all leasehold improvements made to the Premises which become affixed or attached to the leasehold Premises shall remain the property of the Landlord at the expiration or termination of this Agreement. Furthermore, any leasehold improvements shall be made only in accordance with applicable federal, state, or local codes, ordinances, or regulations, having due regard for the type of construction of the building housing the subject leasehold Premises. If the Tenant makes any improvements to the Premises, the Tenant shall be responsible for any costs associated, except the following: Nothing in this Agreement shall be construed to authorize the Tenant or any other person acting for the Tenant to encumber the rents of the Premises or the interest of the Tenant in the Premises or any person under and through whom the Tenant has acquired its interest in the Premises with a mechanic's lien or any other type of encumbrance. Under no circumstance shall the Tenant be construed to be the agent, employee, or representative of Landlord. In the event a lien is placed against the Premises, through actions of the Tenant, Tenant will promptly pay the same or bond against the same and take steps immediately to have such lien removed. If the Tenant fails to have the lien removed, the Landlord shall take steps to remove the lien, and the Tenant shall pay Landlord for all expenses related to the lien and removal thereof and shall be in default of this Agreement.

XI. DEFAULT AND POSSESSION. In the event that the Tenant shall fail to pay said Rent, and expenses as set forth herein, or any part thereof, when the same is due and payable, or shall otherwise be in default of any other terms of said Agreement for a period of more than 15 days, after receiving notice of said default, then the parties hereto expressly agree and covenant that the Landlord may declare this Agreement terminated and may immediately re-enter said Premises and take possession of the same together with any of Tenant's personal property, equipment or fixtures left on the Premises which items may be held by the Landlord as security for the Tenant's eventual payment and/or satisfaction of rental defaults or other defaults of Tenant under this Agreement. It is further agreed that if the Tenant is in default, that the Landlord shall be entitled to take any and all action to protect its interest in the personal property and equipment, to prevent the unauthorized removal of said property or equipment which threatened action would be deemed to constitute irreparable harm and injury to the Landlord in violation of its security interest in said items of personal property. Furthermore, in the event of default, the Landlord may expressly undertake all reasonable preparations and efforts to release the Premises including, but not limited to, the removal of all inventory, equipment or leasehold improvements of the Tenant's, at the Tenant's expense, without

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the need to first procure an order of any court to do so, although obligated in the interim to undertake reasonable steps and procedures to safeguard the value of Tenant's property, including the storage of the same, under reasonable terms and conditions at Tenant's expense, and, in addition, it is understood that the Landlord may sue the Tenant for any damages or past Rents due and owing and may undertake all and additional legal remedies then available. In the event any legal action must be instituted to enforce any terms or provisions under this Agreement, then the prevailing party in said action shall be entitled to recover a reasonable attorney's fee in addition to all costs of said action.

XII. LICENSES AND PERMITS. A copy of all local, state, or federal permits acquired by the Tenant which are required for the use of the Premises shall always be kept on-site and shall be readily accessible and produced to the Landlord and/or their agents or any local, state, or federal officials upon demand.

XIII. OBLIGATIONS OF TENANT. The Tenant shall be primarily responsible whenever needed for the maintenance and general pickup of the entranceway leading into the Premises so that this is kept in a neat, safe, and presentable condition. The Tenant shall also be responsible for all minor repairs and maintenance of the leasehold Premises, particularly those items which need immediate attention and which the Tenants, or their employees, can do and perform on their own, including but not limited to, the replacement of light bulbs, as well as the normal repair and cleaning of windows, cleaning, and clearing of toilets, etc., and the Tenant shall properly maintain the Premises in a good, safe, and clean condition. The Tenant shall properly and promptly remove all rubbish and hazardous wastes and see that the same are properly disposed of according to all local, state, or federal laws, rules, regulations, or ordinances. In the event the structure of the Premises is damaged as a result of any neglect or negligence of Tenant, their employees, agents, business invitees, or any independent contractors serving the Tenant or in any way as a result of Tenant's use and occupancy of the Premises, then the Tenant shall be primarily responsible for seeing that the proper claims are placed with the Tenant's insurance company, or the damaging party's insurance company, and shall furthermore be responsible for seeing that the building is safeguarded with respect to said damage and that all proper notices with respect to said damage, are made in a timely fashion, including notice to the Landlord, and the party or parties causing said damage. Any damage that is not covered by an insurance company will be the liability of the Tenant. The Tenant shall, during the Term of this Agreement, and in the renewal thereof, at its sole expense, keep the interior of the Premises in as good a condition and repair as it is at the date of this Agreement, reasonable wear and use excepted. This obligation would include the obligation to replace any plate glass damaged as a result of the neglect or acts of Tenant or her guests or invitees. Furthermore, the Tenant shall not knowingly commit nor permit to be committed any act or thing contrary to the rules and regulations prescribed from time to time by any federal, state, or local authorities and shall expressly not be allowed to

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keep or maintain any hazardous waste materials or contaminates on the Premises. Tenant shall also be responsible for the cost, if any, which would be incurred to bring her contemplated operation and business activity into compliance with any law or regulation of a federal, state, or local authority.

XIV. INSURANCE. In the event the Tenant shall fail to obtain the insurance required hereunder and fails to maintain the same in force continuously during the Term, Landlord may, but shall not be required to, obtain the same and charge the Tenant for same as additional Rent. Furthermore, Tenant agrees not to keep upon the Premises any articles or goods which may be prohibited by the standard form of fire insurance policy, and in the event, the insurance rates applicable to fire and extended coverage covering the Premises shall be increased by reason of any use of the Premises made by Tenant, then Tenant shall pay to Landlord, upon demand, such increase in insurance premium as shall be caused by said use or Tenant's proportionate share of any such increase.

XV. SUBLET/ASSIGNMENT. The Tenant may not transfer or assign this Agreement or any right or interest hereunder or sublet said leased Premises or any part thereof without first obtaining the prior written consent and approval of the Landlord.

XVI. DAMAGE TO LEASED PREMISES. In the event the building housing the Premises shall be destroyed or damaged as a result of any fire or other casualty which is not the result of the intentional acts or neglect of Tenant and which precludes or adversely affects the Tenant's occupancy of the Premises, then in every such cause, the Rent herein set forth shall be abated or adjusted according to the extent to which the leased Premises have been rendered unfit for use and occupation by the Tenant and until the demised Premises have been put in a condition at the expense of the Landlord, at least to the extent of the value and as nearly as possible to the condition of the Premises existing immediately prior to such damage. It is understood, however, in the event of total or substantial destruction to the Premises that in no event shall the Landlord's obligation to restore, replace or rebuild exceed an amount equal to the sum of the insurance proceeds available for reconstruction with respect to said damage.

XVII. INDEMNIFICATION. The Tenant hereby covenants and agrees to indemnify, defend, and hold the Landlord harmless from any and all claims or liabilities which may arise from any cause whatsoever as a result of Tenant's use and occupancy of the Premises, and further shall indemnify the Landlord for any losses which the Landlord may suffer in connection with the Tenant's use and occupancy or care, custody, and control of the Premises. The Tenant also hereby covenants and agrees to indemnify and hold harmless the Landlord from any and all claims or liabilities which may arise from any latent defects in the subject Premises that the Landlord is not aware of at the signing of the lease or at any time during the Term.

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XVIII. BANKRUPTCY - INSOLVENCY. The Tenant agrees that in the event all or a substantial portion of the Tenant's assets are placed in the hands of a receiver or a Trustee, and such status continues for a period of 30 days, or should the Tenant make an assignment for the benefit of creditors or be adjudicated bankrupt; or should the Tenant institute any proceedings under the bankruptcy act or any amendment thereto, then such Agreement or interest in and to the leased Premises shall not become an asset in any such proceedings and, in such event, and in addition to any and all other remedies of the Landlord hereunder or by law provided, it shall be lawful for the Landlord to declare the Term hereof ended and to re-enter the leased land and take possession thereof and all improvements thereon and to remove all persons therefrom, and the Tenant shall have no further claim thereon.

XIX. SUBORDINATION. Upon request of the Landlord, Tenant will subordinate its rights hereunder to the lien of any mortgage now or hereafter in force against the property or any portion thereof, and to all advances made or hereafter to be made upon the security thereof, and to any ground or underlying lease of the property provided, however, that in such case the holder of such mortgage or the Landlord under such Agreement shall agree that this Agreement shall not be divested or in any way affected by foreclosure, or other default proceedings under the said mortgage, obligation secured thereby, or agreement, so long as the Tenant shall not be in default under the terms of this Agreement. Tenant agrees that this Agreement shall remain in full force and effect notwithstanding any such default proceedings under said mortgage or obligation secured thereby. Tenant shall, in the event of the sale or assignment of Landlord's interest in the building of which the Premises form a part, or in the event of any proceedings brought for the foreclosure of, or in the event of exercise of the power of sale under any mortgage made by Landlord covering the Premises, attorn to the purchaser and recognize such purchaser as Landlord under this Agreement.

XX. MISCELLANEOUS TERMS.

a. Usage by Tenant. Tenant shall comply with all rules, regulations, and laws of any governmental authority with respect to use and occupancy. Tenant shall not conduct or permit to be conducted upon the Premises any business or permit any act which is contrary to or in violation of any law, rules or regulations and requirements that may be imposed by any authority or any insurance company with which the Premises is insured, nor will the Tenant allow the Premises to be used in any way which will invalidate or be in conflict with any insurance policies applicable to the building. In no event shall explosives or extra hazardous materials be taken onto or retained on the Premises. Furthermore, Tenant shall not install or use any equipment that will cause undue interference with the peaceable and quiet enjoyment of the Premises by other tenants of the building.

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b. Signs. Tenant shall not place on any exterior door, wall, or window of the Premises any sign or advertising matter without Landlord's prior written consent and the approval of the local municipality. Thereafter, Tenant agrees to maintain such sign or advertising matter as first approved by Landlord in good condition and repair. Furthermore, Tenant shall conform to any uniform, reasonable sign plan or policy that the Landlord may introduce with respect to the building. Upon vacating the Premises, Tenant agrees to remove all signs and to repair all damages caused or resulting from such removal.

c. Condition of Premises/Inspection by Tenant. The Tenant has had the opportunity to inspect the Premises and acknowledges with its signature on this Agreement that the Premises are in good condition and comply in all respects with the requirements of this Agreement. Furthermore, the Landlord makes no representation or warranty with respect to the condition of the Premises or its fitness or availability for any particular use, and the Landlord shall not be liable for any latent or patent defect therein. Furthermore, the Tenant represents that Tenant has inspected the Premises and is leasing and will take possession of the Premises with all current fixtures present in their "as is" condition as of the date hereof.

d. Right of Entry. It is agreed and understood that the Landlord and its agents shall have the complete and unencumbered right of entry to the Premises at any time or times for purposes of inspecting or showing the Premises and for the purpose of making any necessary repairs to the building or equipment as may be required of the Landlord under the terms of this Agreement or as may be deemed necessary with respect to the inspection, maintenance or repair of the building.

XXI. ESTOPPEL CERTIFICATE. Tenant at any time and from time to time, upon at least ten (10) days prior notice by Landlord, shall execute, acknowledge and deliver to Landlord, and/or to any other person, firm, or corporation specified by Landlord, a statement certifying that this Agreement is unmodified and in full force and effect, or if this Agreement has been modified, then that the same is in full force and effect except as modified and stating the modifications, stating the dates to which the Rent have been paid, and stating whether or not there exists any default by Landlord under this Agreement and, if so, specifying each such default.

XXII. HOLDOVER. Should Tenant remain in possession of the Premises after the cancellation, expiration, or sooner termination of this Agreement, or any renewal thereof, without the execution of a new agreement or addendum, such holding over in the absence of a written agreement to the contrary shall be deemed, if Landlord so elects, to have created and be construed to be a tenancy from month to month, terminable upon thirty (30) days' notice by either party.

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XXIII. WAIVER. Waiver by Landlord of a default under this Agreement shall not constitute a waiver of a subsequent default of any nature.

XXIV. GOVERNING LAW. This Agreement shall be governed by the laws in the state of Texas and any disputes shall have venue in Hidalgo County, Texas.

XXV. NOTICES. Payments and notices shall be addressed to the following:

TO LESSOR: Aster Villas, LP
Lazaro J. Guerra, Manager
1005 W. Gore Avenue
Pharr, TX 78577

TO LESSEE: Pharr Housing Authority
Lazaro J. Guerra, Interim Executive Director
1005 W. Gore Avenue
Pharr, TX 78577

XXVI. AMENDMENT. No amendment of this Agreement shall be effective unless reduced to writing and subscribed by the parties with all the formality of the original.

XXVII. BINDING EFFECT. This Agreement and any amendments thereto shall be binding upon the Landlord and the Tenants and/or their respective successors, heirs, assigns, executors, and administrators.

XXVIII. ADDITIONAL TERMS & CONDITIONS.

IN WITNESS WHEREOF, the Parties have indicated their acceptance of the terms and conditions of this Agreement by their signatures below on the dates indicated.

LESSOR: _____
LAZARO J. GUERRA, Manager
Aster Villas, LP

LESSEE: _____
LAZARO J. GUERRA, Interim Executive Director
Pharr Housing Authority

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Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1187 **Agenda Date: 10/9/2025** **Agenda #: 12.**

Presentation, discussion, and possible action on an extension of the development period for Southton Apartments

PULLED FROM THE AGENDA

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1158 **Agenda Date:** 10/9/2025 **Agenda #:** 13.

Media Analysis and Outreach Report, August 2025

Report follows this page.

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TDHCA Outreach and Media Analysis, August 2025

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 August 1-31, 2025 (news articles that specifically mentioned TDHCA generally or along with Department programs).

Total number of articles referencing TDHCA: 64
Breakdown by Medium:[1]

- Print: 12 (Editorials/Columnists = 0)
- Broadcast: 30
- Trade, Government or Internet-Based Publications: 22

Figure 1 News Tone

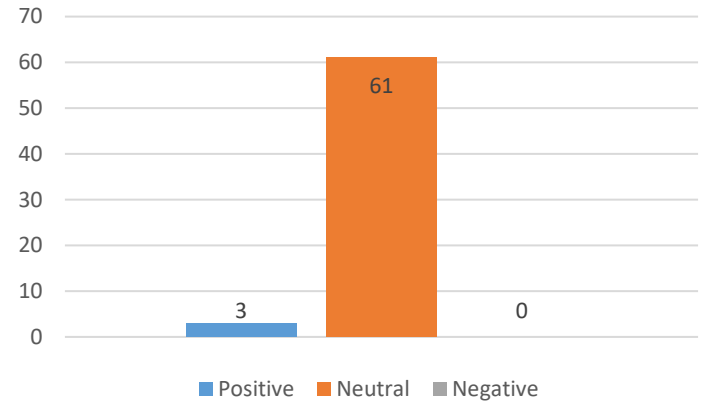
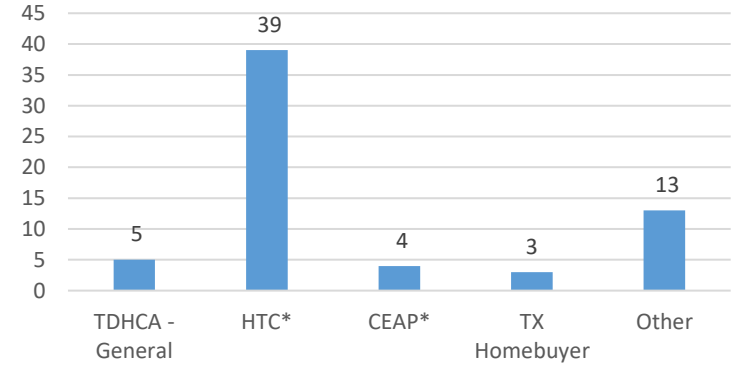
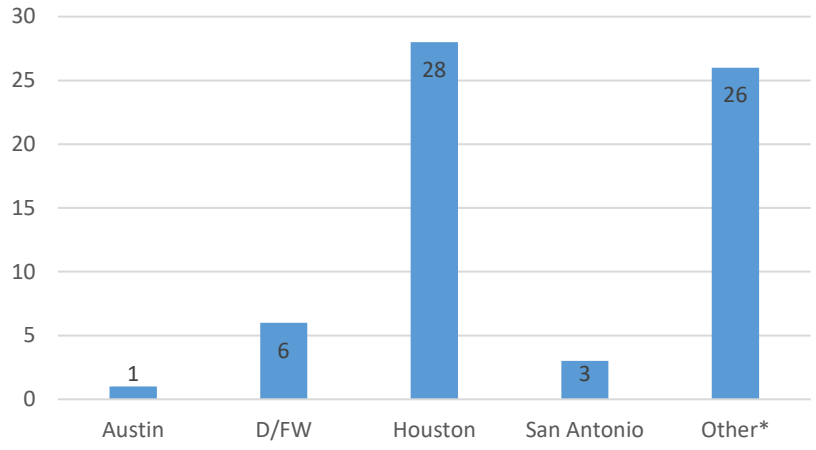


Figure 2 News Topic[2]



[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, Comprehensive Energy Assistance Program.*

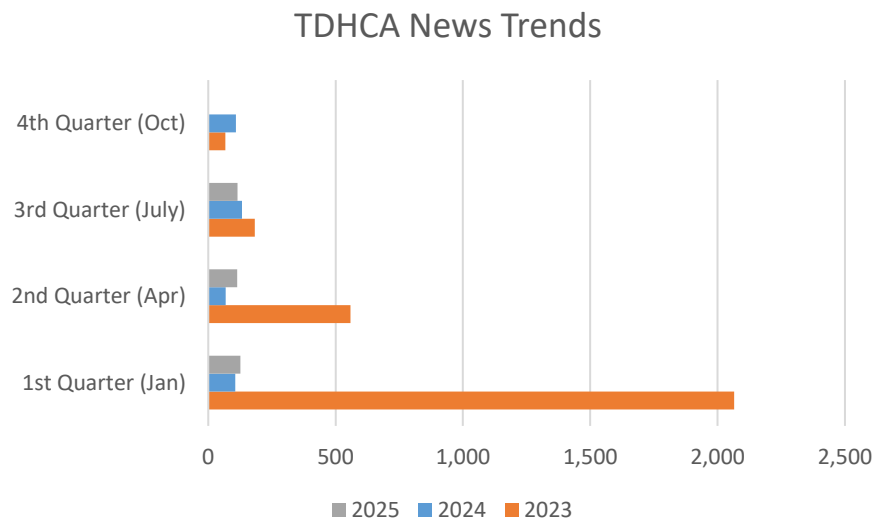
Figure 3 Media Market



Summary:
Reporting on TDHCA activities by the news media totaled 64 references in August 2025. There were numerous articles related to 2025 9% HTC awards for developments in specific areas of the state, and a Houston-area HTC property that was undergoing significant health and safety issues.

News mentions during the month were higher than August 2024 (48 total).

The following table illustrates the number of news mentions during each month or quarter of 2025 compared to 2024 and 2023. Through the second month of the third quarter of 2025 (July-September), total news mentions tracked higher (354 total) compared to the number of mentions during the same timeframe of 2024 (286 total), but lower than 2023 (2,765 total). Please note, some pandemic-related programs for which TDHCA had oversight were still operating in 2023; however, news mentions in 2025 are tracking much higher than 2019 (pre-pandemic), which totaled 150 articles through the same timeframe.



Social media:
Through August 2025, TDHCA has 3,735 followers to its X account and 7,743 fans to its Facebook page. TDHCA's YouTube channel had 5,618 views in August. 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 2025	48	0	57 (includes Comments)	4	50
February 2025	39	0	18 (includes Comments	3	12
March 2025	59	0	60 (includes Comments	1	53
April 2025	47	0	46 (includes Comments)	2	40
May 2025	45	0	12 (includes Comments)	1	8
June 2025	72	0	27 (includes Comments)	4	19
July 2025	99	17	54 (includes Comments)	5	44
August 2025	14	11	35 (includes Comments)	3	23

* 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	Posts	Clicks	Engagements	Retweets	Liked posts
January 2025	45	0	10	2	6
February 2025	42	11	9	1	3
March 2025	57	0	7	2	5
April 2025	47	0	3	1	2
May 2025	45	0	2	0	2
June 2025	72	0	3	0	2
July 2025	100	29	9 (includes Replies)	1	6
August 2025	10	28	2	1	1

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

YouTube

Month	Views	Watch time (hours)	Avg. view duration	Avg. % viewed	Unique viewers
January 2025	6,118	521.9	5:07	17.6%	5,158
February 2025	4,979	471.4	5:40	15.8%	4,066
March 2025	5,471	405.6	4:26	15.1%	4,553
April 2025	5,867	563.5	5:45	18.1%	4,715
May 2025	4,886	487.3	5:59	21.2%	3,897
June 2025	6,345	496.2	4:41	20.4%	5,355
July 2025	5,541	539.5	5:50	21.0%	4,630
August 2025	5,618	614.8	6:33	21.3%	4,509

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 August 2025

Content	Duration	Publish date	Views	Watch time (hours)	Average view duration	Average percentage viewed	Unique viewers
Total			**5,618**	**614.8**	**6:33**	**21.3%**	**4,509**
Help For Texans	3:24		3,853 68.6%	100.5 16.4%	1:33	46.0%	3,591 79.6%
Texas Homebuyer Program introduction	0:52		344 6.1%	4.3 0.7%	0:45	87.4%	342 7.6%
Income Determination Training Webinar - Jan. 4, 2024	5:43:58		62 1.1%	69.8 11.4%	1:07:30	19.6%	35 0.8%
Supportive Services, LURA discussion webinar	1:31:25		55 1.0%	26.7 4.4%	29:10	31.9%	31 0.7%
Income Determination Training	4:48:58		42 0.8%	19.3 3.1%	27:37	9.6%	34 0.8%
Transfers and Household Additions Training	1:19:05		42 0.8%	9.3 1.5%	13:19	16.9%	31 0.7%
Let's Talk About Forms	1:32:18		36 0.6%	24.2 3.9%	40:24	43.8%	29 0.6%
Assets and the Changes from HOTMA	1:47:05		36 0.6%	21.0 3.4%	35:03	32.8%	27 0.6%
Fair Housing 101: The Basics of Fair Housing in Texas	1:45:18		36 0.6%	2.6 0.4%	4:16	4.1%	17 0.4%

	Monitoring Reviews: Beginning to End	35	0.6%	16.0	2.6%	27:29	34.7%	29	0.6%
	2025 Income Determination Training Lunch & Learn: C...	34	0.6%	5.0	0.8%	8:51	10.3%	23	0.5%
	Housing Opportunity Through Modernization Act of 20...	33	0.6%	7.4	1.2%	13:23	14.0%	25	0.6%
	TDHCA Training: Section 811 Project Rental Assistanc...	33	0.6%	13.9	2.3%	25:13	7.9%	18	0.4%
	Fair Housing 101: An Overview of Fair Housing in Texa...	33	0.6%	12.3	2.0%	22:22	21.8%	31	0.7%
	Common Issues of Noncompliance Training	32	0.6%	14.5	2.4%	27:11	26.5%	25	0.6%
	Office Hours - NSPIRE	30	0.5%	9.0	1.5%	18:02	18.3%	24	0.5%
	Frequently Asked Questions about Utility Allowances	28	0.5%	2.4	0.4%	5:07	7.9%	26	0.6%
	Utility Allowance Training - July 6, 2023	27	0.5%	4.6	0.7%	10:10	10.3%	15	0.3%
	Monitoring Reviews: Notification to Closed!	27	0.5%	19.5	3.2%	43:22	48.6%	21	0.5%
	2025 Income Determination Training Lunch & Learn: Th...	26	0.5%	7.6	1.2%	17:36	23.9%	17	0.4%
	811 PRA Certifications Training	24	0.4%	8.1	1.3%	20:09	12.4%	15	0.3%
	2025 Income Determination Training "Lunch and Learn:...	24	0.4%	1.9	0.3%	4:46	6.4%	14	0.3%
	Service Animals, Emotional Support Animals and the F...	22	0.4%	1.9	0.3%	5:11	6.4%	19	0.4%
	Students: Eligibility and Income	21	0.4%	16.4	2.7%	46:59	27.7%	15	0.3%
	IDT Lunch & Learn: Putting it all Together - The Income ...	21	0.4%	2.7	0.4%	7:42	9.7%	17	0.4%

TDHCA Outreach August 2025

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

Department	Meeting Date	Meeting Title	Attendees (includes organizer)
Compliance	August 7	Lunch and Learn Session 9: Adjusted Income with a Case Study	171
Texas Home Ownership Program	August 14	TDHCA Lender Lunch and Learn	58
Community Affairs/WAP	August 19	Virtual Training Session/Multiple subs	21
Community Affairs/WAP	August 19	Virtual Training Session/Multiple subs	21
Compliance	August 21	Income Determination Training for Hamilton Valley Group	86

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1155 **Agenda Date:** 10/9/2025 **Agenda #:** 14.

Executive Director’s Report

ORAL PRESENTATION

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Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1166 **Agenda Date:** 10/9/2025 **Agenda #:** 15.

Report on the closing of the Department's Residential Mortgage Revenue Bonds 2025 Series D (Non-AMT)

BACKGROUND

On October 10, 2024, the Board approved the issuance of Mortgage Revenue Bonds for Fiscal Year 2025, in an amount not to exceed $1.1 billion.

The Department on July 27, 2025, provided a report informing the Board of intent to issue Residential Mortgage Revenue Bonds Series 2025 Series D (Tax-Exempt) in the amount of $250,000,000. The Preliminary Official Statement (POS) was published August 5, 2025. The Retail Order Period was August 12, 2025, and the Institutional Order Period was on August 13, 2025. The Bond Purchase Agreement (BPA) was signed on August 13, 2025, and the deal was closed on September 17, 2025.

Financing Team The financing team consisted of Bracewell LLP, Bond Counsel; McCall, Parkhurst & Horton, L.L.P., Disclosure Counsel; CSG Advisors, Financial Advisor; and an underwriting team led by Jefferies as Book Running Senior Manager, RBC, and Morgan Stanley as co-senior managers, with Ramirez & Co., Inc., Piper Sandler & Co. Wells Fargo Securities, J.P. Morgan, and Loop Capital Markets LLC, as co-managers.

Use of Proceeds The Series 2025D Bonds were issued for the primary purpose of providing funds for the purchase of mortgage-backed, pass-through certificates, including providing down payment and closing cost assistance for Assisted Mortgage Loans. The Mortgage Certificates purchased with the proceeds of the Series 2025 D Bonds will be guaranteed as to timely payment of principal and interest by Government National Mortgage Association.

Bond Structure The 2025D Non-AMT bonds are structured with semi-annual par serial bonds from 1/1/2027 through 7/1/2037, par term bonds due in 2040, 2045, 2050 and 2055, and a 5.50 year average life Premium PAC bond structured pro rata @ 75% - 500% PSA with a 6.25% coupon, priced to yield 3.95%.

Ratings Moody's: Aa1
S&P: AA+

Borrowing Costs Net NIC 5.311017%
Net TIC 5.183530%

Premium & Issuer Contribution The par amount of 2025 D Bonds sold was $250,000,000 and the premium received was $9,461,901.90 for total proceeds of $259,461,901.90. The premium will fund down payment and closing cost assistance for loans originated through this bond issuance, as well as a portion of the lender compensation. Issuer Contribution was $4,205,158.82

DPA and Rates The RMRB 2025 D Bonds made $172,500,000 available for assisted loans, providing 3 and 4 points of repayable down payment assistance (DPA), and closing cost assistance in the form of 30-year, non-amortizing, 0% interest second lien loans that are due on sale or refinance of the first mortgage. This series also provided up to

$77,500,000 available for unassisted loans, providing Zero Points in DPA at a lower rate than the assisted loans. Eligible loan types are FHA, VA, and USDA-RD loans. Current Mortgage rates offered on these funds in Non-Targeted Area are currently 5.75% for unassisted loans, 6.000% for 3-point repayable DPA and 6.125% for 4-point repayable DPA. The Department is pricing Targeted Area Loans at .125% lower

As of September 29, 2025, these funds are 65% reserved.

Attached is a detailed summary of the pricing that was prepared by Jefferies.

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Texas Department of Housing and Community Affairs
Residential Mortgage Revenue and Refunding Bonds
Series 2025D (Non-AMT)

Retail Order Period: August 12, 2025
Pricing: August 13, 2025
Closing: September 17, 2025

Jefferies

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1. Overview of Financing

Executive Summary

EXECUTIVE SUMMARY

Timing

Retail Order Period:	August 12, 2025
Institutional Pricing:	August 13, 2025
Closing:	September 17, 2025

Underwriters

Senior Manager:	Jefferies
Co-Senior Managers:	Morgan Stanley
	RBC
Co-Managers:	JP Morgan
	Loop Capital
	Piper Sandler
	Ramirez & Co.
	Wells Fargo

Use of Proceeds

The Series 2025D Bonds are being issued for the primary purpose of (i) acquiring Mortgage Loans, or participations therein, through the purchase of mortgage-backed, pass-through certificates, including providing down payment and closing cost assistance for Assisted Mortgage Loans, (ii) paying lender compensation related to the 2025D Mortgage Loans, (iii) repaying and/or currently refunding the Repaid FHLB Advances, thereby providing funds for purposes (i)-(ii), and (iv) paying Costs of Issuance.

Bond Structure & Results

Serial Bonds				
Maturity	**Principal**	**Coupon**	**Price**	**Yield**
1/1/2027	$995,000	2.900%	100.000%	2.900%
7/1/2027	$1,025,000	2.900%	100.000%	2.900%
1/1/2028	$1,060,000	2.950%	100.000%	2.950%
7/1/2028	$1,090,000	2.950%	100.000%	2.950%
1/1/2029	$1,130,000	3.000%	100.000%	3.000%
7/1/2029	$1,170,000	3.050%	100.000%	3.050%
1/1/2030	$1,205,000	3.150%	100.000%	3.150%
7/1/2030	$1,245,000	3.200%	100.000%	3.200%
1/1/2031	$1,285,000	3.400%	100.000%	3.400%
7/1/2031	$1,325,000	3.450%	100.000%	3.450%
1/1/2032	$1,370,000	3.600%	100.000%	3.600%
7/1/2032	$1,415,000	3.650%	100.000%	3.650%
1/1/2033	$1,460,000	3.800%	100.000%	3.800%
7/1/2033	$1,505,000	3.800%	100.000%	3.800%
1/1/2034	$1,555,000	3.900%	100.000%	3.900%
7/1/2034	$1,605,000	3.950%	100.000%	3.950%
1/1/2035	$1,655,000	4.000%	100.000%	4.000%
7/1/2035	$1,710,000	4.050%	100.000%	4.050%
1/1/2036	$1,765,000	4.200%	100.000%	4.200%
7/1/2036	$1,825,000	4.250%	100.000%	4.250%
1/1/2037	$1,885,000	4.350%	100.000%	4.350%
7/1/2037	$1,945,000	4.400%	100.000%	4.400%
Term Bonds				
7/1/2040	$13,070,000	4.750%	100.000%	4.750%
7/1/2045	$28,225,000	5.000%	100.000%	5.000%
7/1/2050	$38,855,000	5.100%	100.000%	5.100%
7/1/2055	$53,490,000	5.150%	100.000%	5.150%
1/1/2056 (PAC)	$85,135,000	6.250%	111.114%	3.950%
TOTAL	**$250,000,000**			

Tax Status

Non-AMT

Ratings

Moody's: Aa1 S&P: AA+

Bondholder Security

The Series 2025D Bonds, the Prior Bonds, and, unless subordinated, all Bonds subsequently issued under the Trust Indenture are equally and ratably secured by the Trust Estate held by the Trustee under 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.

Retail Investor Participation

Bond Issue Component	Buyer Profile	
$31,225,000	Retail:	47.5%
2027 - 2037 Serial Bonds	Institutional:	52.5%
$13,070,000	Retail:	50.0%
2040 Term Bonds	Institutional:	50.0%
$28,225,000	Retail:	6.6%
2045 Term Bond	Institutional:	93.4%
$38,855,000	Retail:	1.9%
2050 Term Bond	Institutional:	98.1%
$53,490,000	Retail:	9.2%
2055 Term Bond	Institutional:	90.8%
$85,135,000	Retail:	0.0%
2056 PAC Bond	Institutional:	100.0%
Aggregate	Retail:	11.6%
	Institutional:	88.4%

Market Conditions

The municipal market leading into pricing remained under pressure from large primary calendars. The week prior to pricing, municipal issuance was up 20.7% compared to 2024, with $355.5 billion in new issuance through August 10th, as opposed to $294.5 billion over the same timeframe in 2024. Single family housing issuance was also up by 6.9% from 2024, with over $18.5 billion in new mortgage revenue bond issuance in 2025. Bond fund flows were strong, with $24.1 billion in net inflows at the time of pricing. While the inflows offset the elevated primary issuance, the market was beginning to show signs of slackening. The week prior to pricing, fund inflows slowed to $773 million, down from the over $1.0 billion four-week average, the primary market saw a historically large $21 billion new issue calendar, and retail interest in municipals in the front end of the curve lightened.

Commentary

The transaction was structured to offer a competitive first loan rate to borrowers, while also generating premium for the Department's DPA program. This financing utilized a traditional, all fixed-rate structure, with $31.2 million in serial bonds through 2037, $133.6 million in term bonds in 15-, 20-, 25-, and 30-years, and a $85.1 million premium PAC bond, sized with a 5.5-year average life from 75% PSA to 500% PSA. This was the largest Non-AMT PAC bond sold by the Department since the sale of the Residential Mortgage Revenue Bonds Series 2023B on August 22nd, 2023. Given anticipated market stress surrounding a PPI release on Thursday, the Department looked to price Tuesday / Wednesday the week of August 11th, allowing for Monday to begin conversations with investors. The Department's bond sale competed with $920.4 million in other tax-exempt housing paper the week of pricing. Jefferies developed a consensus scale with consultation from the other managers on the transaction, and looking at recent pricing comparables, and recommended aggressive levels to begin the conversation with investors. Jefferies led a retail order period on Tuesday which generated $9.4 million in orders from Texas accounts, and $30.5 million in orders from national accounts, concentrated mostly in the early to mid-serial range. Jefferies continued to have discussions with accounts during the day. MMD was cut by a basis point from 2034 – 2050, so the spreads on the bonds in these tenors was adjusted down by a basis point to compensate. The institutional order period held the next day generated $232.6 million in orders from investors across the curve, with the serials largely sold, and the term bonds done at 1.1x to 3.4x subscription, a strong signal that the levels offered to investors were neither excessively wide, nor too tight to attract orders. While the term bonds and serials

attracted interest from investors, the PAC bonds received only a single order for $2.5 million from an investor at the level offered. Given the heavy supply and market dynamics, investors were reluctant to participate on the PAC bond at the level. Given the relatively large size of the PAC bond (2-5 times larger than deals the previous week) the level was ultimately adjusted by 20 bps to garner sufficient investor interest in the bonds. This was 10 pbs wider than the Delaware SHA PAC that priced the prior week while half the size of the Department's PAC. The week of pricing, bond fund flows also saw several days of modest outflows, which reversed at the end of the week, and a higher-than-expected PPI release on Thursday following pricing moved Treasury yields up by 5 – 7 bps, with the 10-year ending the week 6 bps higher than Monday.

PARTICIPANTS

Issuer	Texas Department of Housing and Community Affairs
Bond Counsel	Bracewell LLP
Disclosure Counsel	McCall, Parkhurst & Horton, L.L.P.
Financial Advisor	CSG Advisors
Underwriter's Counsel	Chapman and Cutler, LLP
Trustee	Bank of New York Mellon
Trustee's Counsel	Thalheimer, Cipione, Whelan & Morgan, PLLC
Rating Agencies	Moody's Investors Service, S&P's Rating Services
Printer	ImageMaster, Inc.

UNDERWRITER'S DISCOUNT

TOTAL UNDERWRITER'S DISCOUNT	
Takedown	$1,433,931.25
Management Fee	125,000.00
Underwriting Expenses	83,281.47
Total Underwriter's Discount	**$1,642,212.72**

BREAKDOWN OF UNDERWRITING EXPENSES	
Underwriter's Counsel Fees	$50,000.00
CUSIP Fee (27 CUSIPs)	1,676.00
iPreo (i.e., Order Entry, Wires, Taxes, etc.)	18,007.93
iPreo Order Monitor	8,573.91
Day Loan	3,603.64
DTC	975.00
DAC	445.00
Total Underwriting Expenses	**$83,281.47**

SOURCES AND USES OF FUNDS

SOURCES OF FUNDS	
Bond Proceeds	$259,461,901.90
Issuer Contribution	4,205,158.82
TOTAL	**$263,667,062.72**

USES OF FUNDS	
Mortgage Loan Accounts	$261,061,250.00
Underwriter Compensation	1,642,212.72
Cost of Issuance	963,600.00
TOTAL	**$263,667,062.72**

Preliminary Official Statement Cover

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

NEW ISSUE - BOOK-ENTRY ONLY

RATINGS
Moody's: "Aa1"
S&P: "AA+"
(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 2025D 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 2025D BONDS" herein, including information regarding potential alternative minimum tax consequences for corporations.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

$250,000,000*
Residential Mortgage Revenue and Refunding Bonds, Series 2025D (Non-AMT) ("Series 2025D Bonds")

Dated Date/Delivery Date:	September 17, 2025*
Due:	January 1 and July 1, as shown on the inside cover.
Interest Payment Dates:	Interest accrued on the Series 2025D Bonds (the "Series 2025D Bonds") will be payable on each January 1 and July 1, commencing January 1, 2026* as described herein.
Interest Rates:	Payable at the rates as shown on the inside cover.
Redemption:	The Series 2025D Bonds are subject to redemption on the dates and at the Redemption Prices more fully described herein. See "THE SERIES 2025D BONDS – Redemption Provisions."
Denominations:	The Series 2025D 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 2025D Bonds is excludable from gross income for federal income tax purposes and (ii) interest on the Series 2025D Bonds is not an item of tax preference for purposes of the alternative minimum tax on individuals. See "TAX MATTERS RELATING TO THE SERIES 2025D BONDS" herein.
Purpose:	The Series 2025D Bonds are being issued for the primary purpose of (i) acquiring Mortgage Loans (as defined herein), or participations therein, through the purchase of mortgage-backed, pass-through certificates (the "2025D Mortgage Certificates"), including providing down payment and closing cost assistance for Assisted Mortgage Loans (as defined herein), (ii) paying lender compensation related to the 2025D Mortgage Loans (as defined herein), (iii) repaying and/or currently refunding the Repaid FHLB Advances (as defined herein), thereby providing funds for purposes (i)-(ii), and (iv) paying Costs of Issuance (as defined herein). The 2025D Mortgage Certificates 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 2025D 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 2025D Bonds are limited obligations of the Texas Department of Housing and Community Affairs (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 2025D 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 2025D Bonds or any other obligations issued by the Department. See "SECURITY FOR THE BONDS" and "THE TRUST INDENTURE."
Book-Entry Only System:	The Series 2025D Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). See "APPENDIX G – 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
Municipal Advisor:	CSG Advisors

Jefferies

Morgan Stanley **RBC Capital Markets**

J.P. Morgan **Loop Capital Markets**

Piper Sandler & Co. **Ramirez & Co., Inc.** **Wells Fargo Securities**

* Preliminary, subject to change.

Official Statement Cover

OFFICIAL STATEMENT DATED AUGUST 13, 2025

NEW ISSUE - BOOK-ENTRY ONLY

RATINGS
Moody's: "Aa1"
S&P: "AA+"
(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 2025D 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 2025D BONDS" herein, including information regarding potential alternative minimum tax consequences for corporations.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

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Redemption:	The Series 2025D Bonds are subject to redemption on the dates and at the Redemption Prices more fully described herein. See "THE SERIES 2025D BONDS – Redemption Provisions."
Denominations:	The Series 2025D 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 2025D Bonds is excludable from gross income for federal income tax purposes and (ii) interest on the Series 2025D Bonds is not an item of tax preference for purposes of the alternative minimum tax on individuals. See "TAX MATTERS RELATING TO THE SERIES 2025D BONDS" herein.
Purpose:	The Series 2025D Bonds are being issued for the primary purpose of (i) acquiring Mortgage Loans (as defined herein), or participations therein, through the purchase of mortgage-backed, pass-through certificates (the "2025D Mortgage Certificates"), including providing down payment and closing cost assistance for Assisted Mortgage Loans (as defined herein), (ii) paying lender compensation related to the 2025D Mortgage Loans (as defined herein), (iii) repaying and/or currently refunding the Repaid FHLB Advances (as defined herein), thereby providing funds for purposes (i)-(ii), and (iv) paying Costs of Issuance (as defined herein). The 2025D Mortgage Certificates 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 2025D 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 2025D Bonds are limited obligations of the Texas Department of Housing and Community Affairs (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 2025D 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 2025D Bonds or any other obligations issued by the Department. See "SECURITY FOR THE BONDS" and "THE TRUST INDENTURE."
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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
Municipal Advisor:	CSG Advisors

Jefferies

Morgan Stanley | **RBC Capital Markets**

J.P. Morgan | **Loop Capital Markets**

Piper Sandler & Co. | **Ramirez & Co., Inc.** | **Wells Fargo Securities**

Financing Schedule

Texas Department of Housing and Community Affairs
Residential Mortgage Revenue Bonds
2025 Series D Bonds (Tax-Exempt) (Non-AMT)
Program 112

June 2025

Su	Mo	Tu	We	Th	Fr	Sa
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

July 2025

Su	Mo	Tu	We	Th	Fr	Sa
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

August 2025

Su	Mo	Tu	We	Th	Fr	Sa
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

September 2025

Su	Mo	Tu	We	Th	Fr	Sa
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

KEY TRANSACTION DATES AND DETAILS

June 18, 2025 ****Preliminary - Subject to Change****

Date		Action	Party
Thursday	June 12, 2025	TDHCA Board Meeting	
Wednesday	**June 18, 2025**	**Kickoff Call**	**WG**
Wednesday	June 18, 2025	FOMC Meeting	Econ Release
Thursday	June 19, 2025	Juneteenth / Emancipation Day - Federal and State Holiday	WG
Tuesday	July 1, 2025	Distribute First Drafts of Documents	BC
Wednesday	July 2, 2025	TDHCA to Request 1295s	TDHCA
Thursday	July 3, 2025	Distribute first Draft of POS	DC
Thursday	July 3, 2025	Rating Agency Submission	FA
Friday	July 4, 2025	Independence Day - National Holiday	WG
Tuesday	July 8, 2025	Comments on First Drafts of Documents Due	WG
Tuesday	July 8, 2025	Circulate First Draft of BPA	UWC
Tuesday	July 8, 2025	1295s Due From Underwriters	UW
Tuesday	July 8, 2025	Confirm Fees before Draft BRB NOI	WG
Thursday	July 10, 2025	TDHCA Board Meeting	
Friday	July 11, 2025	Distribute Draft of BRB Exempt Issuer State Debt NOI	WG
Friday	July 11, 2025	Distribute 2nd Round of Documents & POS	BC / DC
Monday	July 14, 2025	Comments due on Draft of BRB Exempt Issuer NOI	WG
Wednesday	July 16, 2025	Comments on BPA and 2nd Round of Docs Due	WG
Friday	July 18, 2025	Submit Exempt Issuer State Debt Notice of Intent to BRB	TDHCA, BC, FA
Friday	July 18, 2025	Submit Volume Cap Application	TDHCA/BC
Monday	July 21, 2025	Distribute 3rd Round of Docs and 2nd round of BPA	BC, DC, UWC
Monday	July 21, 2025	Draft Due Diligence Questionnaire Due	UWC
Wednesday	July 23, 2025	Receive Ratings	TDHCA/FA
Thursday	July 24, 2025	TDHCA Board Meeting	
Friday	July 25, 2025	BRB Exempt Track - Begin 6 day clock	TDHCA
Wednesday	July 30, 2025	FOMC Meeting	Econ Release
Monday	August 4, 2025	Final POS comments due	WG
Monday	August 4, 2025	Receive BRB Approval (after 5pm)	
Tuesday	August 5, 2025	Due Diligence Call	WG
Tuesday	August 5, 2025	POS Sign Off	All Parties
Wednesday	**August 6, 2025**	**Release POS**	**WG**
Tuesday	August 12, 2025	CPI Release	Econ Release
Tuesday	August 12, 2025	Pre Marketing	UW
Wednesday	**August 13, 2025**	**Price and Execute BPA**	**WG;UW;FA**
Wednesday	**August 20, 2025**	**Distribute Official Statement**	**WG**
Friday	August 22, 2025	BRB Volume Cap 35 Day Filing Deadline	TDHCA/BC
Friday	August 29, 2025	Cashflow Certificate Due	FA
Monday	September 1, 2025	Labor Day - National Holiday	WG
Wednesday	September 3, 2025	Submit AG Transcript	WG
Tuesday	September 16, 2025	Pre Closing	WG
Wednesday	**September 17, 2025**	**Closing**	**WG**
Wednesday	September 17, 2025	FOMC Meeting	Econ Release
Thursday	November 13, 2025	BRB Final Report (58 days following close)	TDHCA / FA

Issuer	Texas Department of Housing and Community Affairs	TDHCA
Bond Counsel	Bracewell LLP	BC
Disclosure Counsel	McCall, Parkhurst & Horton LLP	DC
Financial Advisor	CSG Advisors	FA
Senior Manager	Jefferies	SM
Co-Seniors	Morgan Stanley, RBC Capital Markets	UW
Co-Managers	JPM, Loop, Piper Sandler, Ramirez, Wells Fargo	"
Underwriter's Counsel	Chapman & Cutler	UWC
Working Group	All Parties Above	WG

2. Pricing Information

Pre-Pricing: Market Data and Comparable Pricing Information

Jefferies

Residential Mortgage Revenue and Refunding Bonds
Series 2025D (Non-AMT)

Pre-Pricing Materials

AUGUST 2025 | CONFIDENTIAL

Investor demand remains strong, credit spreads are tighter

Municipal market continues to under perform other fixed income markets, largely attributable to record supply

MACRO MARKETS THEMES

July's employment report was weaker-than expected at **+73k**, with May and June revised sharply lower by **nearly 260k**

The Fed left rates **unchanged** at the July meeting with two dissents; markets pricing in an **~95% chance of a rate cut in September** following July's employment report

Trade negotiations **remain in focus**, with the Trump Admin levying tariffs on trading partners to take effect on August 7

June core CPI **increased by 2.9%**, in line with estimates, with certain goods showing tariff-induced price increases

MUNICIPAL THEMES

Supply has averaged **over $50B since April**; next month's supply may moderate to $40B.

~$9.4B has flowed into mutual funds following tariff driven outflows in April; 2025 YTD inflows total **$23.3B**

Insurance companies, banks, and relative value investors continue to anchor the long end of the market. Professional retail investors continue to support the first 15 years of the curve

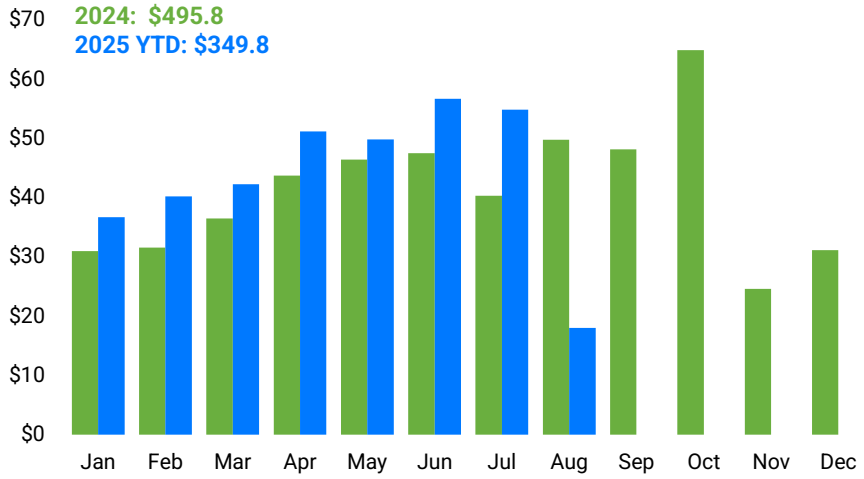
Ratios to treasuries remain **near 2025 highs**

UST	CURRENT	W/W Δ	M/M Δ	Y/Y Δ
2-Yr	3.76%	+ 7 bps	- 10 bps	- 28 bps
5-Yr	3.84%	+ 7 bps	- 8 bps	+ 1 bps
10-Yr	4.27%	+ 4 bps	- 7 bps	+ 28 bps
30-Yr	4.85%	+ 4 bps	- 2 bps	+ 57 bps

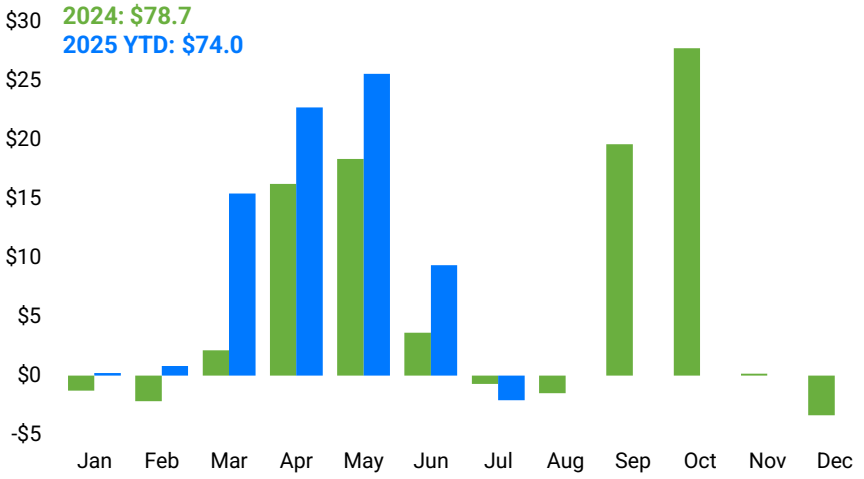
MMD	CURRENT	W/W Δ	M/M Δ	Y/Y Δ
2-Yr	2.27%	- 5 bps	- 19 bps	- 39 bps
5-Yr	2.41%	- 5 bps	- 14 bps	- 18 bps
10-Yr	3.21%	- 4 bps	- 1 bps	+ 51 bps
30-Yr	4.58%	- 2 bps	+ 3 bps	+ 100 bps

Municipal supply and demand dynamics

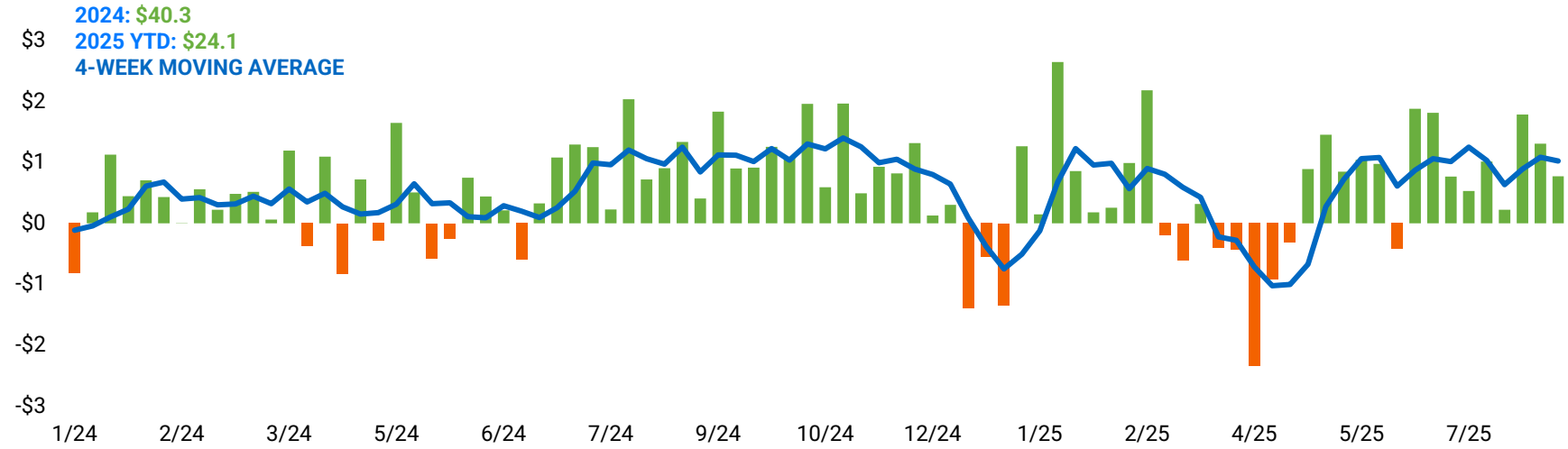
GROSS MONTHLY MUNICIPAL ISSUANCE (2024-2025 YTD) ($B)



NET MONTHLY MUNICIPAL SUPPLY (2024-2025 YTD) ($B)

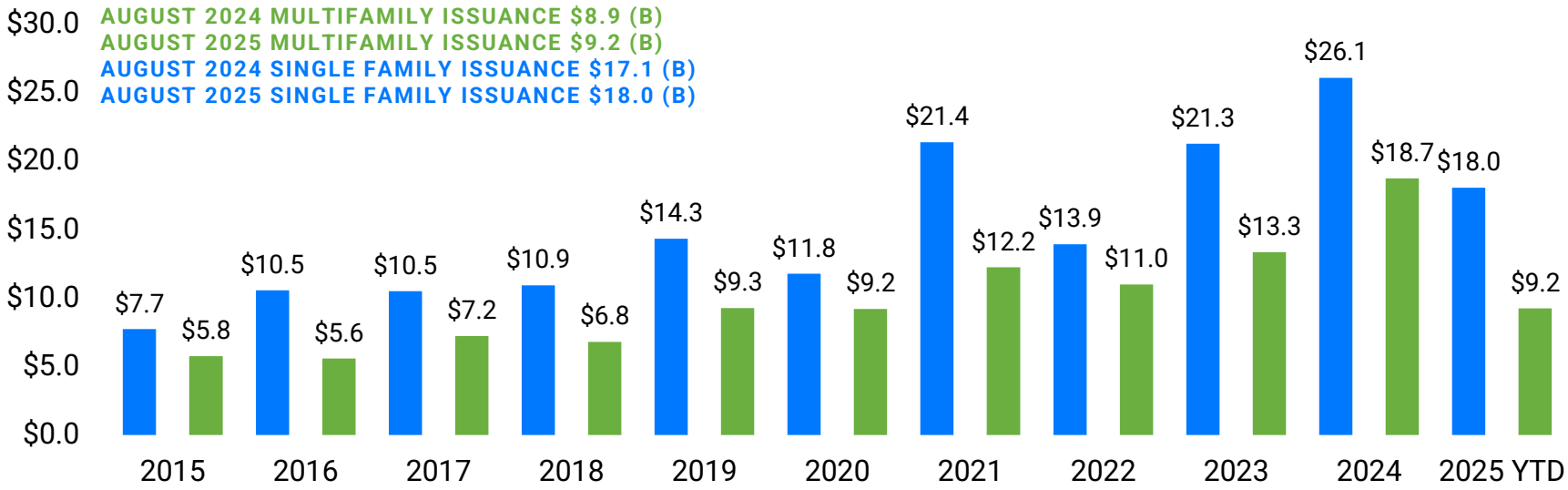


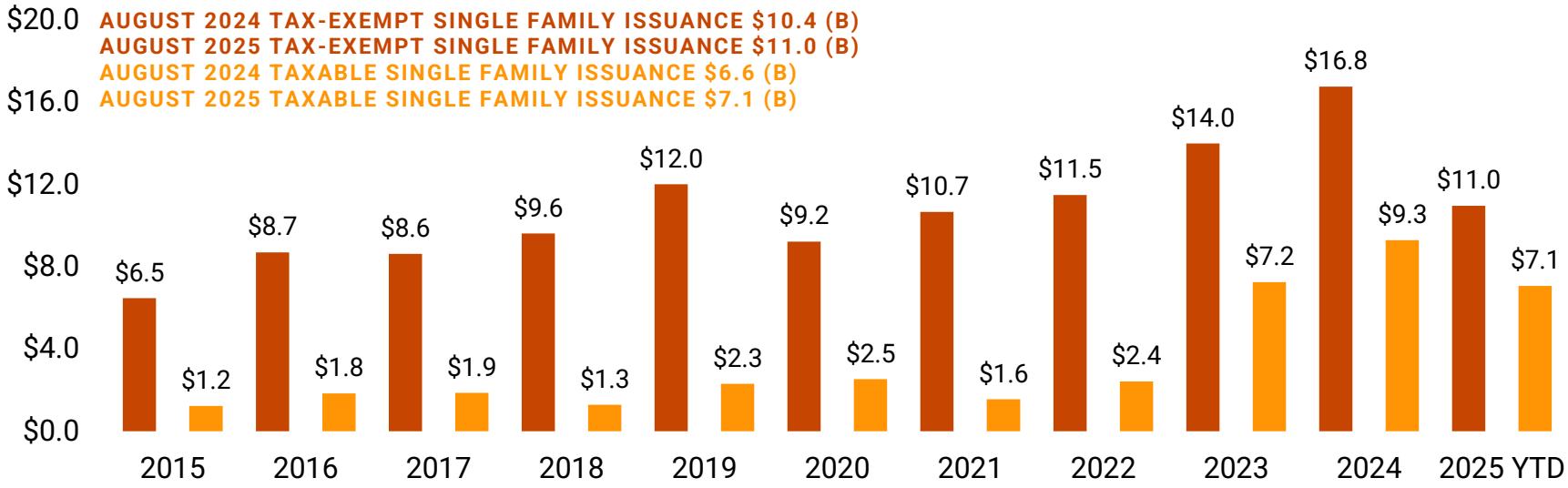
MUNICIPAL FUND FLOWS (2024-2025YTD) ($B)



Housing issuance

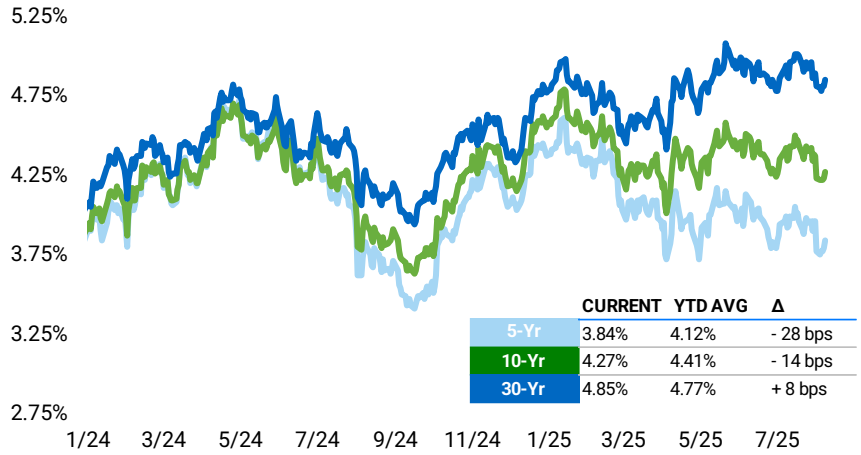
Elevated housing issuance, higher 2025 YTD than at same time as 2024; HFAs are issuing more taxable bonds





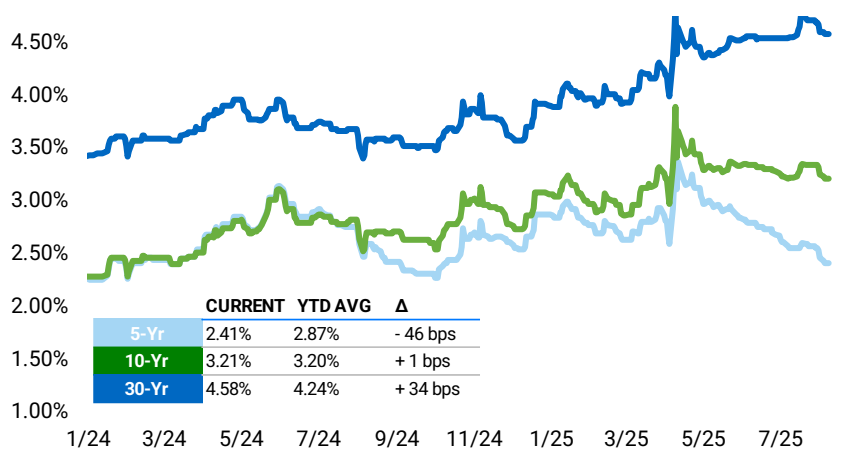
Rates and ratios

UST (2024-2025YTD)



	CURRENT	YTD AVG	Δ
5-Yr	3.84%	4.12%	- 28 bps
10-Yr	4.27%	4.41%	- 14 bps
30-Yr	4.85%	4.77%	+ 8 bps

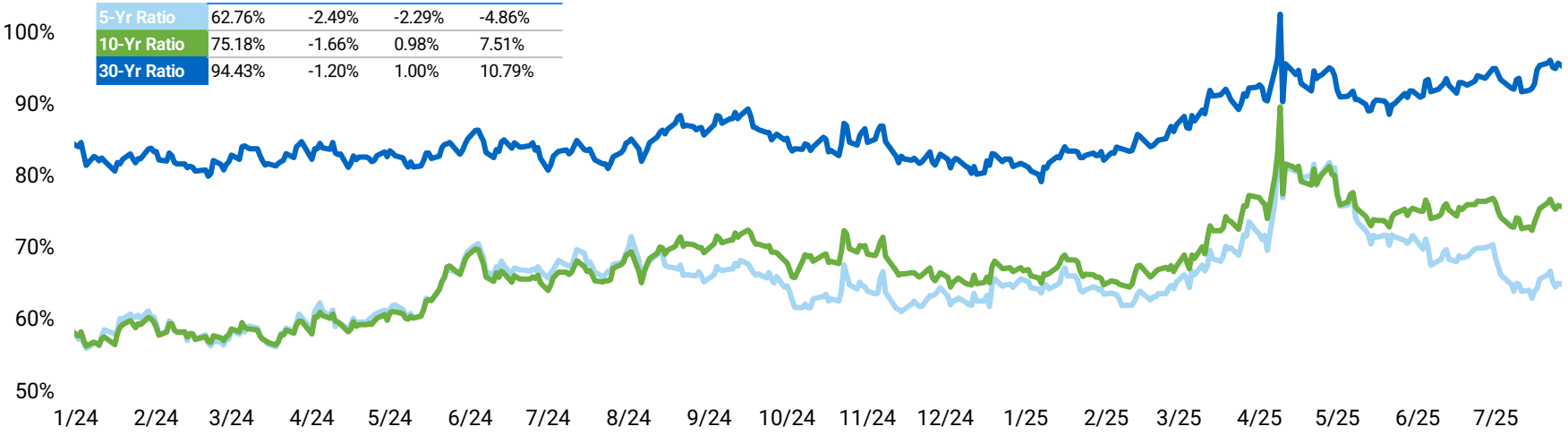
MMD (2024-2025YTD)



	CURRENT	YTD AVG	Δ
5-Yr	2.41%	2.87%	- 46 bps
10-Yr	3.21%	3.20%	+ 1 bps
30-Yr	4.58%	4.24%	+ 34 bps

MMD TO UST RATIOS (2024-2025YTD)

	CURRENT	W/W Δ	M/M Δ	Y/Y Δ
5-Yr Ratio	62.76%	-2.49%	-2.29%	-4.86%
10-Yr Ratio	75.18%	-1.66%	0.98%	7.51%
30-Yr Ratio	94.43%	-1.20%	1.00%	10.79%



Forward negotiated new issuance calendar

Week of August 11th

HOUSING

SALE DATE	ISSUER	TYPE	TAX-EXEMPT PAR ($MM)	TAXABLE PAR ($MM)	STATE	CREDIT RATINGS
8/13	**Texas DHCA**	**SF**	**$250,000**	**--**	**TX**	**Aa1 | AA+ | NR | NR**
8/12	Citi Community Capital	MF	$466,271	--	--	NR | AA- | NR | NR[1]
8/12	New Jersey HMFA	MF	$200,000	--	NJ	NR | AA- | NR | NR
8/12	MassHousing	SF	$64,890	$78,640	MA	Aa1 | AA+ | NR | NR
8/11	Iowa FA	SF	$65,000	$51,075	IA	Aaa | AAA | NR | NR
8/12	Miami-Dade HFA	MF	$82,000	--	FL	Aa1 | NR | NR | NR
8/13	Connecticut HFA	MF	$26,760	--	CT	Aa1 | NR | NR | NR
8/12	Pinellas Co. HFA	SF	$15,500	$6,500	FL	Aa1 | NR | NR | NR
Total			**$1,170,421**	**$136,215**		

ALL MUNICIPAL

SALE DATE	ISSUER	TYPE	PAR AMOUNT ($MM)	STATE	TAX STATUS	CREDIT RATINGS
8/13	Port Auth. of NY & NJ	Transportation	$1,137,410	NJ/NJ	TE	Aa3 | AA- | AA- | NR
8/12	Long Island Power Authority	Electric System	$750,000	NY	TE	A2 | A | A+ | NR
8/13	New Hope Cultural Fac. Fin. Corp	Healthcare	$600,000	TX	TE	Aa3 | AA | AA- | NR
8/13	South Dakota Health & Ed. Fac. Auth.	Healthcare	$454,145	SD	TE	NR | A+ | AA- | NR
8/14	City of Philadelphia	Airports	$369,020	PA	TE	A1 | NR | A+ | NR
w/o	Florida Local Gov't. Fin. Comm.	Senior Living	$333,455	FL	TE	NR | NR | NR | NR
8/14	Fort Bend County	General Obligation	$270,460	TX	TE	Aa1 | NR | AAA | NR
8/12	Maryland Stadium Auth.	Stadium	$261,780	MD	TE	NR | AA | AA | NR
8/11	Virginia Port Auth.	Port Facilities	$251,755	VA	TE	A1 | A | NR | NR
8/13	New York City Health & Hospitals Corp.	Healthcare	$247,015	NY	TE	Aa3 | A+ | AA- | NR
8/13	Delaware River Port Auth.	Port Facilities	$227,055	PA	TE	A1 | AA- | NR | NR
8/13	Arlington Higher Ed. Fin. Corp.	Primary Education	$175,960	TX	TE	Baa2 | NR | NR | NR
8/14	Iowa Student Loan Liquidity Corp.	Student Loan	$160,950	IA	TE | TX	NR | AA | NR | NR
8/12	City of Riverside	Water & Sewer	$140,635	CA	TE	Aa3 | AA- | NR | NR
8/14	Regents of the University of Idaho	Higher Education	$137,780	ID	TE	NR | AA | NR | NR
8/13	Mt. Hood Community College Dist.	Higher Education	$136,445	OR	TE	Aa2 | NR | NR | NR
8/14	Alaska Railroad Corp.	Port Facilities	$124,220	AK	TE	NR | BBB- | NR | NR
8/13	Grace Christian School	Primary Education	$118,720	NC	TE	NR | BBB- | NR | NR
8/12	Board of Trustees of Metro. State Univ. of Denver	Student Housing	$110,785	CO	TE | TX	Aa2 | AA | NR | NR
Subtotal			**$6,007,590**			
Total Visible Negotiated & Competitive Calendar			**$11,186,932**			

Economic and financing calendar

DATE | TIME	ECONOMIC INDICATOR	SURVEY	PRIOR
Monday, August 11th			
n/a			
Tuesday, August 12th	**Retail Order Period**		
8:30 AM	Core CPI (MoM) (Jul)	0.3%	0.2%
8:30 AM	Core CPI (YoY) (Jul)	3.0%	2.9%
8:30 AM	CPI (MoM) (Jul)	0.2%	0.3%
8:30 AM	CPI (YoY) (Jul)	2.8%	2.7%
2:00 PM	Federal Budget Balance (Jul)	--	27.0B
Wednesday, August 13th	**Pricing**		
10:30 AM	Crude Oil Inventories	--	-3.029M
1:30 PM	FOMC Member Bostic Remarks	--	--
Thursday, August 14th			
8:30 AM	Continuing Jobless Claims		1,974K
8:30 AM	Core PPI (MoM) (Jul)	0.2%	0.0%
4:40 PM	Fed Balance Sheet		6,641B
Friday, August 15th			
8:30 AM	Core Retail Sales (MoM) (Jul)	0.2%	0.5%
8:30 AM	Retail Sales (MoM) (Jul)	0.5%	0.6%

Syndicate price views

			JEFFERIES		MS		RBC		JPM		LOOP		PIPER		RAMIREZ		WELLS	
MATURITY	PAR	MMD	SPREAD	YIELD	SPREAD	YIELD	SPREAD	YIELD	SPREAD	YIELD	SPREAD	YIELD	SPREAD	YIELD	SPREAD	YIELD	SPREAD	YIELD
1/1/2027	$995,000	2.25%	+ 65	2.900%	+ 65	2.900%	+ 70	2.950%	+ 60	2.850%	+ 55	2.800%	+ 60	2.850%	+ 65	2.900%	+ 65	2.900%
7/1/2027	$1,025,000	2.27%	+ 63	2.900%	+ 63	2.900%	+ 68	2.950%	+ 58	2.850%	+ 58	2.850%	+ 63	2.900%	+ 63	2.900%	+ 63	2.900%
1/1/2028	$1,060,000	2.28%	+ 67	2.950%	+ 67	2.950%	+ 72	3.000%	+ 62	2.900%	+ 67	2.950%	+ 67	2.950%	+ 67	2.950%	+ 67	2.950%
7/1/2028	$1,090,000	2.28%	+ 67	2.950%	+ 67	2.950%	+ 72	3.000%	+ 67	2.950%	+ 67	2.950%	+ 72	3.000%	+ 67	2.950%	+ 67	2.950%
1/1/2029	$1,130,000	2.28%	+ 72	3.000%	+ 72	3.000%	+ 77	3.050%	+ 67	2.950%	+ 72	3.000%	+ 77	3.050%	+ 72	3.000%	+ 72	3.000%
7/1/2029	$1,170,000	2.28%	+ 77	3.050%	+ 77	3.050%	+ 77	3.050%	+ 72	3.000%	+ 77	3.050%	+ 82	3.100%	+ 77	3.050%	+ 77	3.050%
1/1/2030	$1,205,000	2.38%	+ 77	3.150%	+ 77	3.150%	+ 72	3.100%	+ 77	3.150%	+ 77	3.150%	+ 77	3.150%	+ 77	3.150%	+ 77	3.150%
7/1/2030	$1,245,000	2.40%	+ 80	3.200%	+ 80	3.200%	+ 80	3.200%	+ 80	3.200%	+ 80	3.200%	+ 80	3.200%	+ 80	3.200%	+ 80	3.200%
1/1/2031	$1,285,000	2.52%	+ 88	3.400%	+ 88	3.400%	+ 88	3.400%	+ 83	3.350%	+ 88	3.400%	+ 88	3.400%	+ 88	3.400%	+ 88	3.400%
7/1/2031	$1,325,000	2.58%	+ 87	3.450%	+ 87	3.450%	+ 87	3.450%	+ 87	3.450%	+ 87	3.450%	+ 87	3.450%	+ 87	3.450%	+ 87	3.450%
1/1/2032	$1,370,000	2.69%	+ 91	3.600%	+ 91	3.600%	+ 86	3.550%	+ 91	3.600%	+ 91	3.600%	+ 96	3.650%	+ 91	3.600%	+ 91	3.600%
7/1/2032	$1,415,000	2.74%	+ 91	3.650%	+ 91	3.650%	+ 91	3.650%	+ 91	3.650%	+ 91	3.650%	+ 96	3.700%	+ 91	3.650%	+ 91	3.650%
1/1/2033	$1,460,000	2.86%	+ 94	3.800%	+ 94	3.800%	+ 89	3.750%	+ 89	3.750%	+ 94	3.800%	+ 99	3.850%	+ 94	3.800%	+ 94	3.800%
7/1/2033	$1,505,000	2.87%	+ 93	3.800%	+ 93	3.800%	+ 93	3.800%	+ 93	3.800%	+ 93	3.800%	+ 98	3.850%	+ 93	3.800%	+ 93	3.800%
1/1/2034	$1,555,000	2.96%	+ 94	3.900%	+ 94	3.900%	+ 94	3.900%	+ 99	3.950%	+ 94	3.900%	+ 94	3.900%	+ 94	3.900%	+ 94	3.900%
7/1/2034	$1,605,000	3.02%	+ 93	3.950%	+ 93	3.950%	+ 93	3.950%	+ 98	4.000%	+ 93	3.950%	+ 93	3.950%	+ 93	3.950%	+ 93	3.950%
1/1/2035	$1,655,000	3.15%	+ 85	4.000%	+ 85	4.000%	+ 85	4.000%	+ 95	4.100%	+ 85	4.000%	+ 85	4.000%	+ 85	4.000%	+ 85	4.000%
7/1/2035	$1,710,000	3.21%	+ 84	4.050%	+ 84	4.050%	+ 79	4.000%	+ 94	4.150%	+ 84	4.050%	+ 84	4.050%	+ 84	4.050%	+ 84	4.050%
1/1/2036	$1,765,000	3.34%	+ 86	4.200%	+ 86	4.200%	+ 81	4.150%	+ 91	4.250%	+ 86	4.200%	+ 96	4.300%	+ 86	4.200%	+ 86	4.200%
7/1/2036	$1,825,000	3.38%	+ 87	4.250%	+ 87	4.250%	+ 82	4.200%	+ 92	4.300%	+ 87	4.250%	+ 92	4.300%	+ 87	4.250%	+ 87	4.250%
1/1/2037	$1,885,000	3.50%	+ 85	4.350%	+ 90	4.400%	+ 90	4.400%	+ 85	4.350%	+ 90	4.400%	+ 100	4.500%	+ 85	4.350%	+ 90	4.400%
7/1/2037	$1,945,000	3.52%	+ 88	4.400%	+ 88	4.400%	+ 88	4.400%	+ 88	4.400%	+ 88	4.400%	+ 98	4.500%	+ 88	4.400%	+ 88	4.400%
7/1/2040	$13,070,000	3.87%	+ 88	4.750%	+ 88	4.750%	+ 88	4.750%	+ 88	4.750%	+ 88	4.750%	+ 98	4.850%	+ 88	4.750%	+ 88	4.750%
7/1/2045	$28,225,000	4.36%	+ 64	5.000%	+ 64	5.000%	+ 64	5.000%	+ 64	5.000%	+ 64	5.000%	+ 59	4.950%	+ 64	5.000%	+ 64	5.000%
7/1/2050	$38,855,000	4.53%	+ 57	5.100%	+ 52	5.050%	+ 52	5.050%	+ 57	5.100%	+ 57	5.100%	+ 47	5.000%	+ 52	5.050%	+ 52	5.050%
7/1/2055	$53,490,000	4.58%	+ 57	5.150%	+ 52	5.100%	+ 52	5.100%	+ 57	5.150%	+ 57	5.150%	+ 47	5.050%	+ 52	5.100%	+ 52	5.100%
PAC	$85,135,000	2.55%	+ 120	3.750%	+ 120	3.750%	+ 114	3.690%	+ 115	3.700%	+ 120	3.750%	+ 120	3.750%	+ 117	3.720%	+ 115	3.700%
(6.50% coupon / 5.50 year WAL)																		
TOTAL	**$250,000,000**																	

Recent non-AMT financing comparisons

Wyoming Community Development Authority
Housing Revenue Bonds
2025 Series 3
8/6/2025
Aa1 | AA+ | NR
Non-AMT
$77,675,000
Optional call in 12/01/2033

MATURITY	PAR ($MM)	COUPON	YIELD	SPREAD (DAY PRIOR)	SPREAD (DAY OF)
12/1/2035	800	4.000	4.000	+ 78	+ 78
6/1/2036	820	4.200	4.200	+ 83	+ 83
12/1/2036	850	4.250	4.250	+ 85	+ 85
6/1/2037	875	4.350	4.350	+ 84	+ 84
12/1/2037	905	4.350	4.350	+ 81	+ 81
12/1/2040	6,075	4.800	4.800	+ 93	+ 93
12/1/2045	13,065	5.000	5.000	+ 64	+ 64
12/1/2050	22,090	5.050	5.050	+ 52	+ 52
12/1/2053	16,250	5.100	5.100	+ 54	+ 54
12/1/2055	15,945	6.250	3.540	+ 113	+ 113
			112.167		

*PAC Avg Life 5.0 yrs over range of 50 - 700% PSA @ 6.25%

Nebraska Investment Finance Authority
Single Family Housing Revenue Bonds
2025 Series E
8/5/2025
NR | AAA | NR
Non-AMT
$106,980,000
Optional call in 03/01/2034

MATURITY	PAR ($MM)	COUPON	YIELD	SPREAD (DAY PRIOR)	SPREAD (DAY OF)
3/1/2026	10	2.750	2.750	+ 46	+ 48
9/1/2026	25	2.800	2.800	+ 51	+ 53
3/1/2027	35	2.900	2.900	+ 61	+ 63
9/1/2027	35	2.900	2.900	+ 61	+ 63
3/1/2028	40	2.950	2.950	+ 65	+ 67
9/1/2028	65	2.950	2.950	+ 65	+ 67
3/1/2029	70	2.950	2.950	+ 65	+ 67
9/1/2029	75	3.000	3.000	+ 69	+ 71
3/1/2030	75	3.150	3.150	+ 72	+ 74
9/1/2030	95	3.200	3.200	+ 77	+ 79
3/1/2031	130	3.350	3.350	+ 76	+ 79
9/1/2031	160	3.350	3.350	+ 74	+ 76
3/1/2032	180	3.600	3.600	+ 87	+ 89
9/1/2032	195	3.650	3.650	+ 87	+ 89
3/1/2033	220	3.800	3.800	+ 92	+ 94
9/1/2033	250	3.800	3.800	+ 91	+ 93
3/1/2034	260	3.900	3.900	+ 90	+ 92
9/1/2034	270	3.950	3.950	+ 89	+ 91
3/1/2035	285	4.000	4.000	+ 79	+ 81
9/1/2035	1,120	4.050	4.050	+ 82	+ 84
3/1/2036	1,155	4.200	4.200	+ 83	+ 85
9/1/2036	1,195	4.250	4.250	+ 84	+ 86
3/1/2037	1,230	4.400	4.400	+ 88	+ 90
9/1/2037	1,270	4.400	4.400	+ 85	+ 87
9/1/2040	8,520	4.750	4.750	+ 86	+ 88
9/1/2045	18,365	4.950	4.950	+ 57	+ 59
9/1/2050	45,985	5.050	5.050	+ 50	+ 52
9/1/2055	25,665	6.250	3.620	+ 119	+ 121
			111.758		

*PAC Avg Life 5.0 yrs over range of 50 - 600% PSA @ 6.25%

Oklahoma Housing Finance Agency
Single Family Mortgage Revenue Bonds
2025 Series C
8/5/2025
Aaa | NR | NR
Non-AMT
$100,000,000
Optional call in 09/01/2033

MATURITY	PAR ($MM)	COUPON	YIELD	SPREAD (DAY PRIOR)	SPREAD (DAY OF)
9/1/2026	580	2.850	2.850	+ 56	+ 58
3/1/2027	680	2.900	2.900	+ 61	+ 63
9/1/2027	740	2.900	2.900	+ 61	+ 63
3/1/2028	750	2.900	2.900	+ 60	+ 62
9/1/2028	765	2.950	2.950	+ 65	+ 67
3/1/2029	780	3.050	3.050	+ 75	+ 77
9/1/2029	800	3.100	3.100	+ 79	+ 81
3/1/2030	815	3.200	3.200	+ 77	+ 79
9/1/2030	830	3.250	3.250	+ 82	+ 84
3/1/2031	850	3.450	3.450	+ 86	+ 89
9/1/2031	870	3.500	3.500	+ 89	+ 91
3/1/2032	890	3.650	3.650	+ 92	+ 94
9/1/2032	910	3.700	3.700	+ 92	+ 94
3/1/2033	930	3.850	3.850	+ 97	+ 99
9/1/2033	950	3.850	3.850	+ 96	+ 98
3/1/2034	975	3.950	3.950	+ 95	+ 97
9/1/2034	995	4.000	4.000	+ 94	+ 96
3/1/2035	1,020	4.050	4.050	+ 84	+ 86
9/1/2035	1,045	4.100	4.100	+ 87	+ 89
3/1/2036	1,070	4.300	4.300	+ 93	+ 95
9/1/2036	1,100	4.300	4.300	+ 89	+ 91
3/1/2037	1,125	4.400	4.400	+ 88	+ 90
9/1/2037	1,155	4.450	4.450	+ 90	+ 92
9/1/2040	7,610	4.800	4.800	+ 91	+ 93
9/1/2045	15,870	4.950	4.950	+ 57	+ 59
9/1/2047	7,395	5.000	5.000	+ 52	+ 54
3/1/2057	48,500	6.500	3.800	+ 119	+ 121
			114.025		

*PAC Avg Life 6.0 yrs over range of 100 - 500% PSA @ 6.50%

Recent non-AMT financing comparisons (cont.)

Delaware State Housing Authority
Senior Single Family Mortgage Revenue Bonds
2025 Series C
8/5/2025
Aa1 | NR | NR
Non-AMT
$105,000,000
Optional call in 01/01/2034

MATURITY	PAR ($MM)	COUPON	YIELD	SPREAD (DAY PRIOR)	SPREAD (DAY OF)
7/1/2026	275	2.800	2.800	+ 51	+ 53
1/1/2027	485	2.900	2.900	+ 61	+ 63
7/1/2027	500	2.900	2.900	+ 61	+ 63
1/1/2028	505	2.950	2.950	+ 65	+ 67
7/1/2028	520	2.950	2.950	+ 65	+ 67
1/1/2029	525	2.950	2.950	+ 65	+ 67
7/1/2029	540	3.000	3.000	+ 70	+ 72
1/1/2030	545	3.150	3.150	+ 72	+ 74
7/1/2030	560	3.200	3.200	+ 77	+ 79
1/1/2031	570	3.400	3.400	+ 82	+ 86
7/1/2031	590	3.450	3.450	+ 84	+ 86
1/1/2032	600	3.600	3.600	+ 89	+ 91
7/1/2032	615	3.650	3.650	+ 89	+ 91
1/1/2033	625	3.800	3.800	+ 92	+ 94
7/1/2033	640	3.800	3.800	+ 91	+ 93
1/1/2034	660	3.900	3.900	+ 92	+ 94
7/1/2034	675	3.950	3.950	+ 91	+ 93
1/1/2035	690	4.000	4.000	+ 80	+ 82
7/1/2035	705	4.050	4.050	+ 82	+ 84
1/1/2036	725	4.200	4.200	+ 84	+ 86
7/1/2036	745	4.250	4.250	+ 85	+ 87
1/1/2037	760	4.400	4.400	+ 88	+ 90
7/1/2037	780	4.400	4.400	+ 86	+ 88
7/1/2040	5,145	4.750	4.750	+ 86	+ 88
7/1/2045	10,725	4.950	4.950	+ 57	+ 59
1/1/2050	12,000	**5.050**	**4.901**	+ 35	+ 37
7/1/2050	2,250	5.050	5.050	+ 50	+ 52
1/1/2055	15,000	**5.100**	**4.951**	+ 35	+ 37
7/1/2055	4,045	5.100	5.100	+ 50	+ 52
1/1/2056	42,000	6.000	3.720	+ 129	+ 131
			110.085		

***PAC Avg Life 5.0 yrs over range of 100 - 500% PSA @ 6.00%**

New Mexico Mortgage Finance Authority
Single Family Mortgage Program Class I Bonds
2025 Series E
7/31/2025
Aa1 | NR | NR
Non-AMT
$60,000,000
Optional call in 09/01/2033

MATURITY	PAR ($MM)	COUPON	YIELD	SPREAD (DAY PRIOR)	SPREAD (DAY OF)
9/1/2026	160	2.950	2.950	+ 54	+ 56
3/1/2027	335	3.000	3.000	+ 59	+ 61
9/1/2027	340	3.000	3.000	+ 59	+ 61
3/1/2028	345	3.000	3.000	+ 58	+ 60
9/1/2028	350	3.000	3.000	+ 58	+ 60
3/1/2029	355	3.100	3.100	+ 68	+ 70
9/1/2029	365	3.150	3.150	+ 72	+ 74
3/1/2030	370	3.250	3.250	+ 70	+ 72
9/1/2030	380	3.300	3.300	+ 75	+ 77
3/1/2031	385	3.500	3.500	+ 80	+ 82
9/1/2031	395	3.550	3.550	+ 83	+ 85
3/1/2032	405	3.700	3.700	+ 86	+ 88
9/1/2032	410	3.750	3.750	+ 87	+ 89
3/1/2033	420	3.900	3.900	+ 91	+ 93
9/1/2033	430	3.900	3.900	+ 90	+ 92
3/1/2034	440	4.000	4.000	+ 89	+ 91
9/1/2034	445	4.050	4.050	+ 88	+ 90
3/1/2035	455	4.150	4.150	+ 83	+ 85
9/1/2035	465	4.200	4.200	+ 86	+ 88
3/1/2036	480	4.350	4.350	+ 87	+ 89
9/1/2036	490	4.350	4.350	+ 83	+ 85
3/1/2037	500	4.450	4.450	+ 82	+ 84
9/1/2037	515	4.500	4.500	+ 84	+ 86
9/1/2040	3,385	4.850	4.850	+ 85	+ 87
9/1/2045	6,980	5.050	5.050	+ 58	+ 60
9/1/2050	9,180	5.150	5.150	+ 51	+ 53
9/1/2055	13,220	5.200	5.200	+ 51	+ 53
3/1/2056	18,000	6.000	3.700	+ 115	+ 117
			110.291		

***PAC Avg Life 5.0 yrs over range of 75 - 500% PSA @ 6.00%**

Montana Board of Housing
Single Family Mortgage Bonds
2025 Series B
7/30/2025
Aa1 | AA+ | NR
Non-AMT
$75,000,000
Optional call in 12/01/2033

MATURITY	PAR ($MM)	COUPON	YIELD	SPREAD (DAY PRIOR)	SPREAD (DAY OF)
6/1/2026	300	2.950	2.950	+ 54	+ 54
12/1/2026	605	2.950	2.950	+ 54	+ 54
6/1/2027	620	2.950	2.950	+ 54	+ 54
12/1/2027	630	2.950	2.950	+ 54	+ 54
6/1/2028	640	3.000	3.000	+ 58	+ 58
12/1/2028	655	3.000	3.000	+ 58	+ 58
6/1/2029	665	3.050	3.050	+ 63	+ 63
12/1/2029	680	3.125	3.125	+ 69	+ 69
6/1/2030	695	3.200	3.200	+ 65	+ 65
12/1/2030	705	3.250	3.250	+ 69	+ 69
6/1/2031	720	3.500	3.500	+ 78	+ 78
12/1/2031	735	3.500	3.500	+ 78	+ 78
6/1/2032	750	3.700	3.700	+ 84	+ 84
12/1/2032	620	3.700	3.700	+ 80	+ 80
6/1/2033	635	3.900	3.900	+ 90	+ 90
12/1/2033	655	3.950	3.950	+ 94	+ 94
6/1/2034	675	4.050	4.050	+ 91	+ 91
12/1/2034	620	4.100	4.100	+ 92	+ 92
6/1/2035	645	4.150	4.150	+ 81	+ 81
12/1/2035	665	4.150	4.150	+ 80	+ 80
6/1/2036	685	4.350	4.350	+ 85	+ 85
12/1/2036	635	4.400	4.400	+ 87	+ 87
6/1/2037	660	4.450	4.450	+ 81	+ 81
12/1/2037	685	4.500	4.500	+ 83	+ 83
12/1/2040	4,575	4.850	4.850	+ 85	+ 85
12/1/2045	8,585	5.100	5.100	+ 63	+ 63
12/1/2050	11,930	5.200	5.200	+ 56	+ 56
6/1/2055	14,625	5.250	5.250	+ 56	+ 56
12/1/2055	19,705	6.000	3.680	+ 113	+ 113
			110.352		

***PAC Avg Life 5.0 yrs over range of 75 - 600% PSA @ 6.00%**

Recent non-AMT PAC pricings

ISSUER	RATING	SERIES	SALE DATE	PAR ($MM)	COUPON	WAL	LOW	HIGH	YIELD	PAC PRICE	SPREAD DAY PRIOR	SPREAD DAY OF
Wyoming CDA	Aa1 | AA+	2025 3	8/6/2025	$15,945	6.25%	5.0	50%	700%	3.540%	112.167%	+ 113	+ 113
Oklahoma HFA	Aaa | NR	2025 C	8/5/2025	$48,500	6.50%	6.0	100%	500%	3.800%	114.025%	+ 119	+ 121
Nebraska IFA	NR | AAA	2025 E	8/5/2025	$25,665	6.25%	5.0	50%	600%	3.620%	111.758%	+ 119	+ 121
Delaware SHA	Aa1 | NR	2025 C	8/5/2025	$42,000	6.00%	5.0	100%	500%	3.720%	110.085%	+ 129	+ 131
New Mexico MFA	Aa1 | NR	2025 E	7/31/2025	$18,000	6.00%	5.0	75%	500%	3.700%	110.291%	+ 115	+ 117
Montana BoH	Aa1 | AA+	2025 B	7/30/2025	$19,705	6.00%	5.0	75%	600%	3.680%	110.352%	+ 113	+ 113
Maryland CDA	Aa2 | AA+	2025 E	7/29/2025	$25,450	6.25%	5.0	75%	600%	3.750%	111.131%	+ 118	+ 120
Illinois HDA	Aaa | NR	2025 D	7/23/2025	$48,030	6.25%	6.0	75%	500%	3.910%	112.083%	+ 117	+ 117
Idaho HFA	Aa1 | NR	2025 C	7/22/2025	$60,690	6.25%	6.0	75%	400%	3.970%	111.747%	+ 123	+ 123
Montgomery HOC	Aa2 | NR	2025 A	7/21/2025	$4,995	5.75%	5.0	50%	500%	3.850%	108.458%	+ 125	+ 126
Ohio HFA	Aa1 | NR	2025 B	7/16/2025	$68,755	6.50%	6.0	100%	400%	4.050%	112.623%	+ 135	+ 135
Arkansas DFA	NR | AA+	2025 B	7/15/2025	$18,000	5.50%	5.2	75%	500%	3.730%	108.199%	+ 118	+ 118
Louisiana HC	Aa1 | NR	2025 C	7/8/2025	$16,980	6.25%	5.0	50%	700%	3.690%	111.446%	+ 112	+ 114
New Jersey HMFA	Aa2 | AA	2025 M	6/24/2025	$89,915	6.50%	5.0	75%	500%	3.850%	111.776%	+ 112	+ 112
Missouri HDC	NR | AA+	2025 D	6/24/2025	$82,000	6.25%	5.3	75%	500%	3.910%	110.779%	+ 117	+ 117
Wisconsin HEDA	Aa2 | AA+	2025 A	6/12/2025	$46,535	6.25%	5.0	75%	500%	3.920%	110.317%	+ 113	+ 115
Colorado HFA	Aa3 | AA	2025 J	6/11/2025	$60,000	6.25%	5.7	100%	700%	4.110%	110.653%	+ 123	+ 123
Pennsylvania HFA	Aa1 | NR	2025-149A	6/10/2025	$105,975	6.50%	6.0	50%	500%	4.070%	112.523%	+ 119	+ 119
Maine HA	Aa1 | AA+	2025 B	6/4/2025	$13,730	6.25%	5.0	75%	700%	3.950%	110.138%	+ 113	+ 115
Utah HC	Aa2 | NR	2025 E	6/3/2025	$114,545	6.75%	5.9	95%	500%	4.100%	113.310%	+ 120	+ 120
Alabama HFA	Aa1 | NR	2025 B	6/3/2025	$30,600	6.00%	5.4	75%	450%	4.000%	109.461%	+ 117	+ 117
Georgia HFA	NR | AAA	2025 C	6/2/2025	$41,730	6.25%	5.0	50%	700%	3.900%	110.417%	+ 106	+ 108

Daily Rate Sheets

Year	Jefferies' Tax-Exempt AAA Scale				U.S. Treasury				Comparison	
	Rate	Δ 1 Day	Δ 1 Week	Δ 1 Year	Rate	Δ 1 Day	Δ 1 Week	Δ 1 Year	AAA Scale/UST	UST Less AAA Scale
1	2.25%	-0.01%	-0.14%	-0.45%	3.93%	0.00%	-0.17%	-0.54%	57.33%	1.68%
2	2.27%	-0.01%	-0.13%	-0.40%	3.76%	0.00%	-0.18%	-0.25%	60.27%	1.49%
3	2.27%	-0.01%	-0.14%	-0.34%	3.71%	0.01%	-0.18%	-0.11%	61.16%	1.44%
4	2.30%	0.00%	-0.13%	-0.29%	3.77%	0.00%	-0.16%	-0.01%	61.11%	1.47%
5	2.41%	0.00%	-0.12%	-0.17%	3.83%	-0.01%	-0.13%	0.08%	62.95%	1.42%
6	2.58%	0.00%	-0.11%	-0.02%	3.93%	0.00%	-0.12%	0.16%	65.57%	1.35%
7	2.74%	0.00%	-0.10%	0.13%	4.03%	0.00%	-0.11%	0.23%	67.89%	1.29%
8	2.87%	0.00%	-0.10%	0.24%	4.11%	0.00%	-0.11%	0.28%	69.76%	1.24%
9	3.01%	0.00%	-0.10%	0.37%	4.19%	0.00%	-0.10%	0.32%	71.86%	1.18%
10	3.16%	0.00%	-0.10%	0.50%	4.27%	0.00%	-0.10%	0.37%	74.10%	1.11%
11	3.32%	0.00%	-0.10%	0.60%	4.33%	0.00%	-0.10%	0.39%	76.65%	1.01%
12	3.45%	0.00%	-0.10%	0.68%	4.38%	0.00%	-0.09%	0.40%	78.78%	0.93%
13	3.58%	0.00%	-0.10%	0.76%	4.44%	0.00%	-0.09%	0.42%	80.71%	0.86%
14	3.70%	0.00%	-0.10%	0.83%	4.49%	0.00%	-0.08%	0.43%	82.33%	0.79%
15	3.81%	0.00%	-0.10%	0.86%	4.55%	-0.01%	-0.08%	0.45%	83.71%	0.74%
16	3.92%	0.00%	-0.09%	0.86%	4.61%	-0.01%	-0.08%	0.47%	85.04%	0.69%
17	4.04%	0.00%	-0.09%	0.88%	4.66%	-0.01%	-0.07%	0.48%	86.62%	0.62%
18	4.13%	0.00%	-0.09%	0.91%	4.72%	-0.01%	-0.07%	0.50%	87.54%	0.59%
19	4.21%	0.00%	-0.09%	0.94%	4.77%	-0.01%	-0.06%	0.51%	88.14%	0.57%
20	4.28%	0.00%	-0.09%	0.96%	4.83%	-0.01%	-0.06%	0.53%	88.55%	0.55%
21	4.33%	0.00%	-0.09%	0.99%	4.83%	-0.01%	-0.06%	0.54%	89.71%	0.50%
22	4.38%	0.00%	-0.09%	1.00%	4.83%	-0.01%	-0.06%	0.55%	90.73%	0.45%
23	4.43%	0.00%	-0.09%	1.00%	4.83%	-0.01%	-0.06%	0.57%	91.62%	0.41%
24	4.46%	0.00%	-0.09%	1.01%	4.83%	-0.01%	-0.06%	0.58%	92.26%	0.37%
25	4.48%	0.00%	-0.09%	0.99%	4.84%	-0.01%	-0.06%	0.59%	92.57%	0.36%
26	4.50%	0.00%	-0.09%	1.00%	4.84%	-0.01%	-0.05%	0.60%	93.03%	0.34%
27	4.52%	0.00%	-0.09%	1.01%	4.84%	-0.01%	-0.05%	0.61%	93.34%	0.32%
28	4.53%	0.00%	-0.09%	1.00%	4.84%	-0.01%	-0.05%	0.63%	93.63%	0.31%
29	4.54%	0.00%	-0.09%	1.00%	4.84%	-0.01%	-0.05%	0.64%	93.80%	0.30%
30	4.56%	0.00%	-0.09%	1.00%	4.84%	-0.01%	-0.05%	0.65%	94.11%	0.29%
Steepness (30Y-1Y)	2.30%	0.01%	0.05%	1.45%	0.91%	-0.01%	0.12%	1.19%		

Key Rates

	Today	Δ 1 Day	Δ 1 Week	Δ 1 Year
SIFMA*	1.69%	0.00%	-0.60%	-1.34%
SOFR	4.35%	0.00%	0.03%	-0.99%
Fed Funds	4.33%	0.00%	0.00%	-1.00%
Prime	7.50%	0.00%	0.00%	-1.00%

*Represents reset on August 06, 2025, effective from August 07, 2025 to August 13, 2025

Reinvestment Rates

Year	UST	SLGS*
1	3.93%	3.92%
2	3.76%	3.75%
3	3.71%	3.70%
4	3.77%	3.74%
5	3.83%	3.82%
7	4.03%	4.01%
10	4.27%	4.26%

*SLGS are reset the morning of August 11, 2025, whereas the balance of the data is as of COB

Generic GO Credit Spreads*

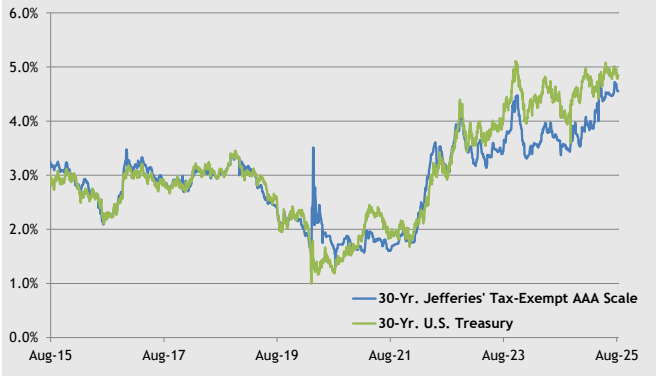
Tenor	AA	A	BBB
10 Year	11 bps	35 bps	83 bps
20 Year	21 bps	44 bps	88 bps
30 Year	22 bps	45 bps	90 bps

*Source: Thomson Reuters; assumes a tax-exempt issue

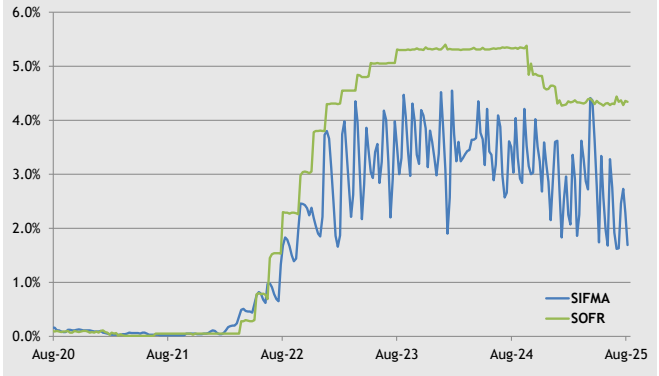
SIFMA/SOFR Ratio

Range	Ratio
Today	38.85%
1M Average	52.93%
1Y Average	63.24%
5Y Average	65.83%

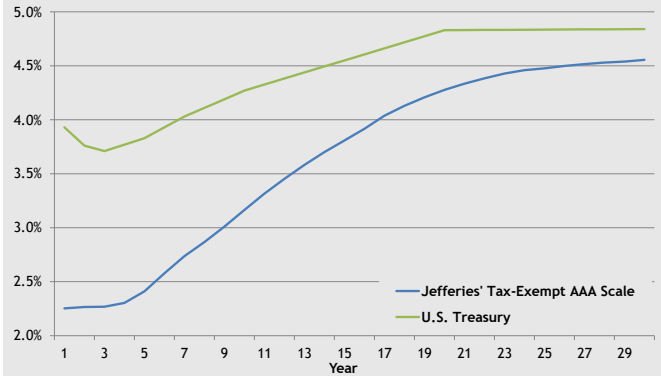
Historical Long-Term Interest Rates



Historical Short-Term Interest Rates



Yield Curve Comparison



THIS MESSAGE CONTAINS INSUFFICIENT INFORMATION TO MAKE AN INVESTMENT DECISION.
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Sources: United States Treasury, SIFMA, Federal Reserve, New York Fed, Thomson Reuters, MarketWatch, TreasuryDirect.

Jefferies

Year	Jefferies' Tax-Exempt AAA Scale				U.S. Treasury				Comparison	
	Rate	Δ 1 Day	Δ 1 Week	Δ 1 Year	Rate	Δ 1 Day	Δ 1 Week	Δ 1 Year	AAA Scale/UST	UST Less AAA Scale
1	2.24%	-0.01%	-0.08%	-0.46%	3.90%	-0.03%	0.03%	-0.57%	57.51%	1.66%
2	2.26%	-0.01%	-0.08%	-0.41%	3.72%	-0.04%	0.03%	-0.29%	60.65%	1.46%
3	2.26%	-0.01%	-0.08%	-0.35%	3.69%	-0.02%	0.02%	-0.13%	61.22%	1.43%
4	2.30%	-0.01%	-0.07%	-0.30%	3.76%	-0.01%	0.04%	-0.02%	61.09%	1.46%
5	2.40%	-0.01%	-0.06%	-0.18%	3.83%	0.00%	0.06%	0.08%	62.77%	1.43%
6	2.58%	0.00%	-0.04%	-0.02%	3.93%	0.00%	0.06%	0.16%	65.57%	1.35%
7	2.74%	0.00%	-0.04%	0.13%	4.03%	0.00%	0.06%	0.23%	67.89%	1.29%
8	2.87%	0.00%	-0.04%	0.24%	4.12%	0.01%	0.06%	0.28%	69.64%	1.25%
9	3.01%	0.00%	-0.04%	0.38%	4.20%	0.01%	0.06%	0.34%	71.70%	1.19%
10	3.17%	0.00%	-0.03%	0.50%	4.29%	0.02%	0.06%	0.39%	73.82%	1.12%
11	3.32%	0.00%	-0.03%	0.60%	4.35%	0.02%	0.06%	0.41%	76.36%	1.03%
12	3.46%	0.00%	-0.03%	0.68%	4.41%	0.02%	0.06%	0.43%	78.46%	0.95%
13	3.59%	0.01%	-0.03%	0.77%	4.46%	0.03%	0.07%	0.44%	80.35%	0.88%
14	3.71%	0.01%	-0.03%	0.84%	4.52%	0.03%	0.07%	0.46%	81.95%	0.82%
15	3.81%	0.01%	-0.03%	0.86%	4.58%	0.03%	0.07%	0.48%	83.28%	0.77%
16	3.92%	0.01%	-0.02%	0.86%	4.64%	0.03%	0.07%	0.50%	84.58%	0.71%
17	4.04%	0.01%	-0.02%	0.88%	4.70%	0.03%	0.07%	0.52%	86.09%	0.65%
18	4.14%	0.00%	-0.02%	0.92%	4.75%	0.04%	0.08%	0.53%	86.98%	0.62%
19	4.21%	0.01%	-0.02%	0.94%	4.81%	0.04%	0.08%	0.55%	87.55%	0.60%
20	4.28%	0.00%	-0.02%	0.96%	4.87%	0.04%	0.08%	0.57%	87.93%	0.59%
21	4.34%	0.01%	-0.02%	0.99%	4.87%	0.04%	0.08%	0.58%	89.08%	0.53%
22	4.39%	0.01%	-0.02%	1.01%	4.87%	0.04%	0.08%	0.59%	90.09%	0.48%
23	4.43%	0.01%	-0.02%	1.00%	4.87%	0.04%	0.08%	0.61%	90.99%	0.44%
24	4.47%	0.01%	-0.02%	1.01%	4.87%	0.04%	0.08%	0.62%	91.61%	0.41%
25	4.48%	0.01%	-0.02%	1.00%	4.88%	0.04%	0.07%	0.63%	91.94%	0.39%
26	4.50%	0.00%	-0.02%	1.00%	4.88%	0.04%	0.07%	0.64%	92.31%	0.37%
27	4.52%	0.00%	-0.02%	1.01%	4.88%	0.04%	0.07%	0.65%	92.62%	0.36%
28	4.53%	0.00%	-0.02%	1.00%	4.88%	0.04%	0.07%	0.67%	92.93%	0.34%
29	4.54%	0.00%	-0.02%	1.00%	4.88%	0.04%	0.07%	0.68%	93.09%	0.34%
30	4.56%	0.00%	-0.02%	1.00%	4.88%	0.04%	0.07%	0.69%	93.40%	0.32%
Steepness (30Y-1Y)	**2.32%**	**0.01%**	**0.06%**	**1.47%**	**0.98%**	**0.07%**	**0.04%**	**1.26%**		

Key Rates

	Today	Δ 1 Day	Δ 1 Week	Δ 1 Year
SIFMA*	1.69%	0.00%	-0.60%	-1.34%
SOFR	4.34%	-0.01%	-0.05%	-1.00%
Fed Funds	4.33%	0.00%	0.00%	-1.00%
Prime	7.50%	0.00%	0.00%	-1.00%

*Represents reset on August 06, 2025, effective from August 07, 2025 to August 13, 2025

Reinvestment Rates

Year	UST	SLGS*
1	3.90%	3.89%
2	3.72%	3.71%
3	3.69%	3.68%
4	3.76%	3.73%
5	3.83%	3.81%
7	4.03%	4.01%
10	4.29%	4.26%

*SLGS are reset the morning of August 12, 2025, whereas the balance of the data is as of COB

Generic GO Credit Spreads*

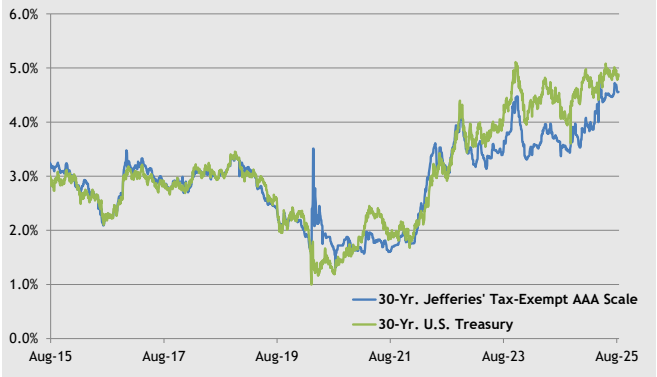
Tenor	AA	A	BBB
10 Year	11 bps	35 bps	83 bps
20 Year	21 bps	44 bps	88 bps
30 Year	22 bps	45 bps	90 bps

*Source: Thomson Reuters; assumes a tax-exempt issue

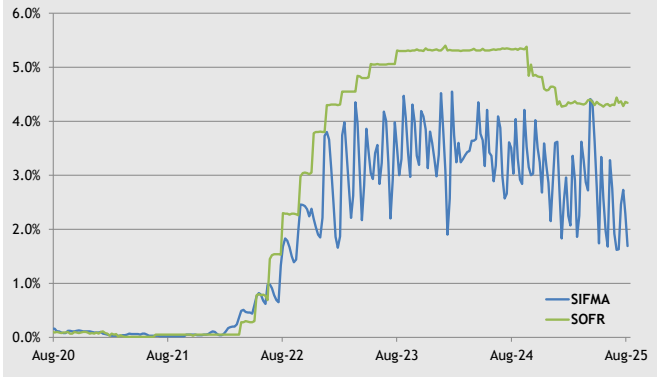
SIFMA/SOFR Ratio

Range	Ratio
Today	38.94%
1M Average	52.92%
1Y Average	63.25%
5Y Average	65.75%

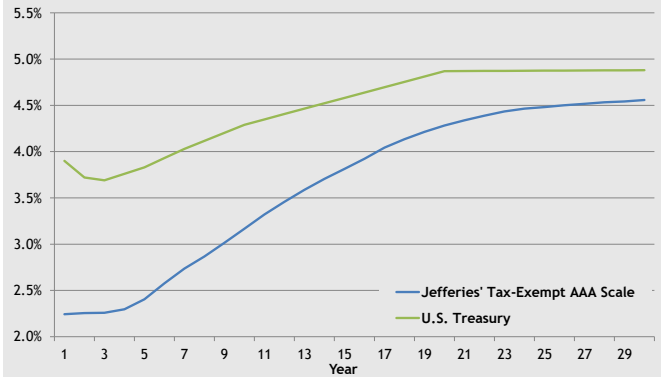
Historical Long-Term Interest Rates



Historical Short-Term Interest Rates



Yield Curve Comparison



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Sources: United States Treasury, SIFMA, Federal Reserve, New York Fed, Thomson Reuters, MarketWatch, TreasuryDirect.

Daily Rate Sheet
Close of Business August 13, 2025

Jefferies

Year	Jefferies' Tax-Exempt AAA Scale				U.S. Treasury				Comparison	
	Rate	Δ 1 Day	Δ 1 Week	Δ 1 Year	Rate	Δ 1 Day	Δ 1 Week	Δ 1 Year	AAA Scale/UST	UST Less AAA Scale
1	2.24%	0.00%	-0.06%	-0.44%	3.86%	-0.04%	0.04%	-0.54%	58.01%	1.62%
2	2.25%	0.00%	-0.05%	-0.39%	3.67%	-0.05%	-0.02%	-0.26%	61.36%	1.42%
3	2.26%	0.00%	-0.06%	-0.33%	3.64%	-0.05%	-0.02%	-0.11%	61.95%	1.39%
4	2.29%	0.00%	-0.04%	-0.28%	3.71%	-0.06%	0.00%	-0.01%	61.89%	1.41%
5	2.40%	0.00%	-0.04%	-0.16%	3.77%	-0.06%	0.02%	0.09%	63.69%	1.37%
6	2.57%	0.00%	-0.02%	-0.01%	3.88%	-0.06%	0.03%	0.17%	66.43%	1.30%
7	2.73%	0.00%	-0.02%	0.13%	3.98%	-0.05%	0.03%	0.24%	68.64%	1.25%
8	2.86%	0.00%	-0.02%	0.25%	4.07%	-0.05%	0.03%	0.29%	70.40%	1.20%
9	3.01%	0.00%	-0.02%	0.38%	4.15%	-0.05%	0.02%	0.34%	72.47%	1.14%
10	3.17%	0.00%	-0.01%	0.51%	4.24%	-0.05%	0.02%	0.39%	74.72%	1.07%
11	3.32%	0.00%	-0.01%	0.61%	4.30%	-0.05%	0.02%	0.41%	77.26%	0.98%
12	3.46%	0.00%	-0.01%	0.70%	4.35%	-0.05%	0.02%	0.42%	79.40%	0.90%
13	3.59%	0.00%	-0.01%	0.78%	4.41%	-0.05%	0.02%	0.44%	81.32%	0.82%
14	3.71%	0.00%	-0.01%	0.85%	4.47%	-0.05%	0.02%	0.46%	82.95%	0.76%
15	3.81%	0.00%	-0.01%	0.87%	4.53%	-0.05%	0.03%	0.48%	84.29%	0.71%
16	3.92%	0.00%	-0.01%	0.87%	4.58%	-0.06%	0.03%	0.49%	85.62%	0.66%
17	4.04%	0.00%	-0.01%	0.90%	4.64%	-0.06%	0.03%	0.51%	87.15%	0.60%
18	4.14%	0.00%	-0.01%	0.93%	4.70%	-0.06%	0.03%	0.53%	88.05%	0.56%
19	4.21%	0.00%	-0.01%	0.95%	4.75%	-0.06%	0.03%	0.54%	88.64%	0.54%
20	4.28%	0.00%	-0.01%	0.97%	4.81%	-0.06%	0.03%	0.56%	89.02%	0.53%
21	4.34%	0.00%	-0.01%	1.00%	4.81%	-0.06%	0.03%	0.57%	90.19%	0.47%
22	4.39%	0.00%	-0.01%	1.02%	4.81%	-0.06%	0.03%	0.58%	91.17%	0.43%
23	4.43%	0.00%	-0.01%	1.01%	4.82%	-0.06%	0.03%	0.59%	92.07%	0.38%
24	4.47%	0.00%	-0.01%	1.02%	4.82%	-0.06%	0.03%	0.60%	92.67%	0.35%
25	4.48%	0.00%	-0.01%	1.01%	4.82%	-0.05%	0.03%	0.61%	92.99%	0.34%
26	4.50%	0.00%	-0.01%	1.01%	4.82%	-0.05%	0.03%	0.63%	93.34%	0.32%
27	4.52%	0.00%	-0.01%	1.02%	4.82%	-0.05%	0.03%	0.64%	93.64%	0.31%
28	4.53%	0.00%	-0.01%	1.01%	4.83%	-0.05%	0.03%	0.65%	93.93%	0.29%
29	4.54%	0.00%	-0.01%	1.01%	4.83%	-0.05%	0.03%	0.66%	94.08%	0.29%
30	4.56%	0.00%	-0.01%	1.01%	4.83%	-0.05%	0.03%	0.67%	94.37%	0.27%
Steepness (30Y-1Y)	**2.32%**	**0.00%**	**0.05%**	**1.46%**	**0.97%**	**-0.01%**	**-0.01%**	**1.21%**		

Key Rates

	Today	Δ 1 Day	Δ 1 Week	Δ 1 Year
SIFMA*	2.80%	1.11%	0.51%	-0.23%
SOFR	4.36%	0.02%	0.02%	-0.98%
Fed Funds	4.33%	0.00%	0.00%	-1.00%
Prime	7.50%	0.00%	0.00%	-1.00%

*Represents reset on August 13, 2025, effective from August 14, 2025 to August 20, 2025

Reinvestment Rates

Year	UST	SLGS*
1	3.86%	3.86%
2	3.67%	3.68%
3	3.64%	3.65%
4	3.71%	3.70%
5	3.77%	3.78%
7	3.98%	3.99%
10	4.24%	4.24%

*SLGS are reset the morning of August 13, 2025, whereas the balance of the data is as of COB

Generic GO Credit Spreads*

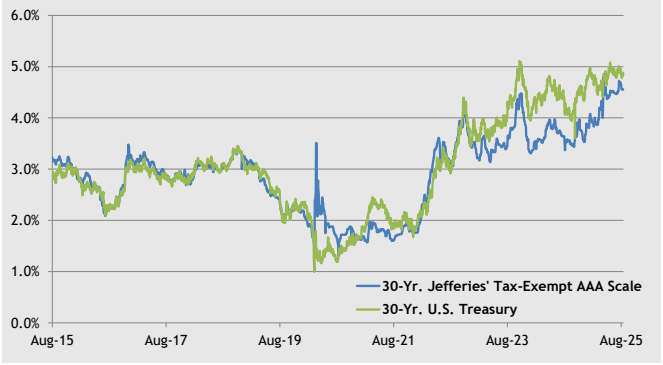
Tenor	AA	A	BBB
10 Year	11 bps	35 bps	83 bps
20 Year	21 bps	44 bps	88 bps
30 Year	22 bps	45 bps	90 bps

*Source: Thomson Reuters; assumes a tax-exempt issue

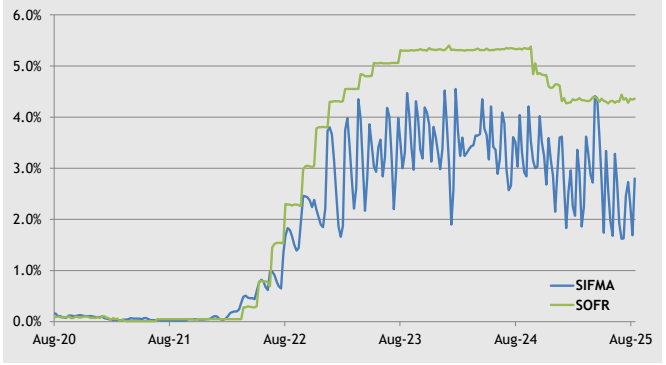
SIFMA/SOFR Ratio

Range	Ratio
Today	64.22%
1M Average	55.24%
1Y Average	63.28%
5Y Average	66.02%

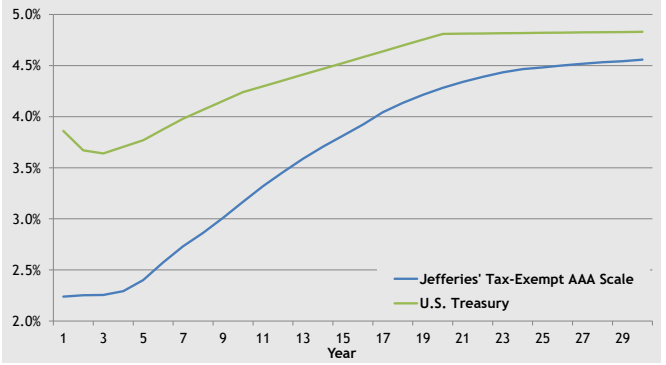
Historical Long-Term Interest Rates



Historical Short-Term Interest Rates



Yield Curve Comparison



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Sources: United States Treasury, SIFMA, Federal Reserve, New York Fed, Thomson Reuters, MarketWatch, TreasuryDirect.

Pricing Wires

Retail Order Period

RE: $ 250,000,000*
TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
Residential Mortgage Revenue and Refunding Bonds
Series 2025D (Non-AMT)

POS URL: https://www.munios.com/i/1R9GAd6KO3p3

WE HAVE A RELEASE FOR THE INSTITUTIONAL ORDER PERIOD. ORDERS UNTIL 11:30AM ET.

The Department reserves the right to limit retail allotments to 50% of the aggregate par value at the final price.

Jefferies will assume that orders for the serial maturities with the same coupon on either side can be filled in 1/1 or 7/1.

MOODY'S: Aa1 S&P: AA+
FITCH: NR KROLL: NR

DATED:09/17/2025 FIRST COUPON:01/01/2026

DUE: 01/01 & 07/01

MATURITY	OFFERED	AMOUNT*	COUPON	PRICE	ADD'L TAKEDOWN (Pts)
01/01/2027	595M	995M	2.90%	100.00	1/4
07/01/2027	510M	1,025M	2.90%	100.00	1/4
01/01/2028	530M	1,060M	2.95%	100.00	3/8
07/01/2028	545M	1,090M	2.95%	100.00	3/8
01/01/2029	565M	1,130M	3.00%	100.00	1/2
07/01/2029	1,020M	1,170M	3.05%	100.00	1/2
01/01/2030	1,105M	1,205M	3.15%	100.00	1/2
07/01/2030	620M	1,245M	3.20%	100.00	1/2
01/01/2031	1,125M	1,285M	3.40%	100.00	1/2
07/01/2031	660M	1,325M	3.45%	100.00	1/2
01/01/2032	1,070M	1,370M	3.60%	100.00	5/8
07/01/2032	705M	1,415M	3.65%	100.00	5/8
01/01/2033	730M	1,460M	3.80%	100.00	5/8
07/01/2033	750M	1,505M	3.80%	100.00	5/8
01/01/2034	1,305M	1,555M	3.90%	100.00	5/8
07/01/2034	1,405M	1,605M	3.95%	100.00	5/8
01/01/2035	825M	1,655M	4.00%	100.00	5/8
07/01/2035	855M	1,710M	4.05%	100.00	5/8
01/01/2036	1,765M	1,765M	4.20%	100.00	5/8
07/01/2036	910M	1,825M	4.25%	100.00	5/8
01/01/2037	1,885M	1,885M	4.35%	100.00	5/8
07/01/2037	970M	1,945M	4.40%	100.00	5/8
07/01/2040	6,535M	13,070M	4.75%	100.00	5/8
07/01/2045	26,600M	28,225M	5.00%	100.00	5/8
07/01/2050	38,135M	38,855M	5.10%	100.00	5/8
07/01/2055	48,820M	53,490M	5.15%	100.00	5/8
01/01/2056	85,135M	85,135M	6.50%	3.75	1/2

(Approx. $ Price 113.375)

(PAC)
(Avg. Life: 5.50 years over a range of 75.00 to 500.00% of PSA experience)

CALL FEATURES: Optional call in 07/01/2033 @ 100.00

Special Redemption: Subject to Special Redemption from Unexpended Proceeds, Mortgage Loan Principal Payments, and Excess Revenues, as further detailed on pages 4-11 of the POS.

2025D Premium PAC Term Bond Optional Redemption: Subject to redemption prior to maturity, in whole or in part at any time and from time to time, on and after July 1, 2033, 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
July 1, 2033	TBD
January 1, 2034	TBD
July 1, 2034	TBD
January 1, 2035	TBD
July 1, 2035	TBD
January 1, 2036	TBD
July 1, 2036 and thereafter	100.000%

PAC AVG LIFE INFORMATION:

PSA PREPAYMENT SPEED	OPTIONAL CALL NOT EXERCISED	OPTIONAL CALL AT 07/01/2033 EXERCISED
0%	17.8	7.3
50%	7.0	5.9
75%	5.5	5.3
100%	5.5	5.3
125%	5.5	5.3
150%	5.5	5.3
175%	5.5	5.3
200%	5.5	5.3
300%	5.5	5.3
400%	5.5	5.3
500%	5.5	5.3
600%	4.5	4.4
700%	3.8	3.8

Sinking Fund Schedule

2040 Term Bond

01/01/2038	2,005M
07/01/2038	2,075M
01/01/2039	2,140M
07/01/2039	2,210M
01/01/2040	2,285M
07/01/2040	2,355M

Sinking Fund Schedule

2045 Term Bond

01/01/2041	2,435M
07/01/2041	2,515M
01/01/2042	2,590M
07/01/2042	2,680M
01/01/2043	2,765M
07/01/2043	2,855M
01/01/2044	2,950M
07/01/2044	3,045M
01/01/2045	3,145M
07/01/2045	3,245M

Sinking Fund Schedule

2050 Term Bond

01/01/2046	3,350M

07/01/2046 3,460M
01/01/2047 3,570M
07/01/2047 3,690M
01/01/2048 3,810M
07/01/2048 3,930M
01/01/2049 4,060M
07/01/2049 4,190M
01/01/2050 4,325M
07/01/2050 4,470M

Sinking Fund Schedule

2055 Term Bond

01/01/2051 4,610M
07/01/2051 4,765M
01/01/2052 4,915M
07/01/2052 5,080M
01/01/2053 5,240M
07/01/2053 5,415M
01/01/2054 5,590M
07/01/2054 5,770M
01/01/2055 5,960M
07/01/2055 6,145M

Sinking Fund Schedule

2056 Term Bond

01/01/2027 455M
07/01/2027 475M
01/01/2028 485M
07/01/2028 505M
01/01/2029 520M
07/01/2029 535M
01/01/2030 555M
07/01/2030 570M
01/01/2031 590M
07/01/2031 610M
01/01/2032 630M
07/01/2032 650M
01/01/2033 670M
07/01/2033 695M
01/01/2034 715M
07/01/2034 740M
01/01/2035 765M
07/01/2035 790M
01/01/2036 815M
07/01/2036 840M
01/01/2037 865M
07/01/2037 895M
01/01/2038 925M
07/01/2038 955M
01/01/2039 985M
07/01/2039 1,020M
01/01/2040 1,050M
07/01/2040 1,085M
01/01/2041 1,120M
07/01/2041 1,155M
01/01/2042 1,195M
07/01/2042 1,230M
01/01/2043 1,270M
07/01/2043 1,315M
01/01/2044 1,355M
07/01/2044 1,400M
01/01/2045 1,445M
07/01/2045 1,490M
01/01/2046 1,540M
07/01/2046 1,590M
01/01/2047 1,645M

07/01/2047 1,695M
01/01/2048 1,750M
07/01/2048 1,810M
01/01/2049 1,865M
07/01/2049 1,930M
01/01/2050 1,990M
07/01/2050 2,055M
01/01/2051 2,125M
07/01/2051 2,190M
01/01/2052 2,265M
07/01/2052 2,335M
01/01/2053 2,415M
07/01/2053 2,490M
01/01/2054 2,570M
07/01/2054 2,655M
01/01/2055 2,740M
07/01/2055 2,835M
01/01/2056 9,280M

* - APPROXIMATE SUBJECT TO CHANGE

Order period until today 11:30 AM, Eastern, Wednesday, 08/13/25.
Please use Electronic Order Entry to enter orders or call (212) 336-7151.

The managers reserve the right to terminate or extend the order period prior to or later than the above-mentioned time and date and to confirm bonds at their discretion.

PRIORITY OF ORDERS:
1. Net Designated*
2. Texas Retail
3. National Retail
4. Member

*If an investor is affiliated with a syndicate member and that syndicate member may not be compensated for the investor's order, the investor will not be required to designate that syndicate member.

RETAIL DEFINITION:

A "Retail" order is defined as an order placed for the account of an individual, bank trust, or investment advisor acting on behalf of an individual, with a maximum of $1,000,000 per account, or at the discretion of the Department, some larger amount. Retail orders do not include bank portfolios, insurance companies, bond funds or municipalities. Zip Codes are required with all Retail Orders.
PRIORITY POLICY:

At least 4 firms must be designated.

No firm may receive more than 60.00% of any designation.

Each designee must receive a minimum of 5.00% for each priority order.

The Senior Manager requests the identification of all priority orders at the time the orders are entered.

The compliance addendum MSRB Rule G-11 will apply.

ISSUER CONSENT:

Municipal Securities Rulemaking Board Rule G11 ("Rule G11"), with respect to a primary offering of municipal securities for which an underwriting syndicate has been formed, establishes certain requirements regarding order priority provisions, including a requirement that, unless otherwise agreed to with the issuer, customer orders be given priority over orders by members of the underwriting syndicate, or affiliates of syndicate members, for their own accounts. Affiliates of members of the underwriting syndicate

routinely place orders with other underwriting syndicate members for bonds. Such orders increase the scope of available purchasers for bonds and potentially increases demand for bonds which may contribute to the goals of maximizing proceeds from the sale of bonds and reducing financing costs of bonds. Consent is given pursuant to approval of these Syndicate Policies for Jefferies LLC to give orders for the bonds received by members of the underwriting syndicate from affiliates of members of the underwriting syndicate equal priority with orders from customers that are not affiliates of members of the underwriting syndicate for the Bonds.

Pursuant to MSRB Rule G-11, syndicate members and other brokers, dealers, and municipal securities dealers ("Dealers"), when submitting an order for the syndicate member or Dealer's own account or for a "related account" as defined in Rule G-11 (which includes, without limitation, proprietary orders for affiliates of the syndicate member or Dealer), must so inform Jefferies LLC at the time any such order is submitted. The Senior Manager requests the identification of all priority orders at the time the orders are entered.

Delivery is expected on Wednesday, September 17, 2025.

This issue is book entry only. This issue is clearing through DTC.

Jefferies LLC
Morgan Stanley & Co. LLC
RBC Capital Markets
J.P. Morgan Securities LLC.
Loop Capital Markets
Piper Sandler & Co
Ramirez & Co., Inc.
Wells Fargo Bank, N.A. Municipal Finance Group

By: Jefferies LLC New York, NY

Preliminary Pricing Wire

RE: $ 250,000,000*
TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
Residential Mortgage Revenue and Refunding Bonds
Series 2025D (Non-AMT)

POS URL: https://www.munios.com/i/1R9GAd6KO3p3

WE HAVE A RELEASE FOR THE INSTITUTIONAL ORDER PERIOD. ORDERS UNTIL 11:45AM ET.

The Department reserves the right to limit retail allotments to 50% of the aggregate par value at the final price.

Jefferies will assume that orders for the serial maturities with the same coupon on either side can be filled in 1/1 or 7/1.

MOODY'S: Aa1 S&P: AA+
FITCH: NR KROLL: NR

DATED:09/17/2025 FIRST COUPON:01/01/2026

DUE: 01/01 & 07/01

MATURITY	OFFERED	AMOUNT*	COUPON	PRICE	ADD'L TAKEDOWN (Pts)
01/01/2027	595M	995M	2.90%	100.00	1/4
07/01/2027	510M	1,025M	2.90%	100.00	1/4
01/01/2028	530M	1,060M	2.95%	100.00	3/8
07/01/2028	545M	1,090M	2.95%	100.00	3/8
01/01/2029	565M	1,130M	3.00%	100.00	1/2
07/01/2029	1,020M	1,170M	3.05%	100.00	1/2
01/01/2030	1,105M	1,205M	3.15%	100.00	1/2
07/01/2030	620M	1,245M	3.20%	100.00	1/2
01/01/2031	1,125M	1,285M	3.40%	100.00	1/2
07/01/2031	660M	1,325M	3.45%	100.00	1/2
01/01/2032	1,070M	1,370M	3.60%	100.00	5/8
07/01/2032	705M	1,415M	3.65%	100.00	5/8
01/01/2033	730M	1,460M	3.80%	100.00	5/8
07/01/2033	750M	1,505M	3.80%	100.00	5/8
01/01/2034	1,305M	1,555M	3.90%	100.00	5/8
07/01/2034	1,405M	1,605M	3.95%	100.00	5/8
01/01/2035	825M	1,655M	4.00%	100.00	5/8
07/01/2035	855M	1,710M	4.05%	100.00	5/8
01/01/2036	1,765M	1,765M	4.20%	100.00	5/8
07/01/2036	910M	1,825M	4.25%	100.00	5/8
01/01/2037	1,885M	1,885M	4.35%	100.00	5/8
07/01/2037	970M	1,945M	4.40%	100.00	5/8
07/01/2040	6,535M	13,070M	4.75%	100.00	5/8
07/01/2045	26,600M	28,225M	5.00%	100.00	5/8
07/01/2050	38,135M	38,855M	5.10%	100.00	5/8
07/01/2055	48,820M	53,490M	5.15%	100.00	5/8
01/01/2056	85,135M	85,135M	6.25%	3.75	1/2

(Approx. $ Price 112.160)

(PAC)
(Avg. Life: 5.50 years over a range of 75.00 to 500.00% of PSA experience)

CALL FEATURES: Optional call in 07/01/2033 @ 100.00

Special Redemption: Subject to Special Redemption from Unexpended Proceeds, Mortgage Loan Principal Payments, and Excess Revenues, as further detailed on pages 4-11 of the POS.

2025D Premium PAC Term Bond Optional Redemption: Subject to redemption prior to maturity,

in whole or in part at any time and from time to time, on and after July 1, 2033, 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
July 1, 2033	TBD
January 1, 2034	TBD
July 1, 2034	TBD
January 1, 2035	TBD
July 1, 2035	TBD
January 1, 2036	TBD
July 1, 2036 and thereafter	100.000%

PAC AVG LIFE INFORMATION:

PSA PREPAYMENT SPEED	OPTIONAL CALL NOT EXERCISED	OPTIONAL CALL AT 07/01/2033 EXERCISED
0%	17.8	7.3
50%	7.0	5.9
75%	5.5	5.3
100%	5.5	5.3
125%	5.5	5.3
150%	5.5	5.3
175%	5.5	5.3
200%	5.5	5.3
300%	5.5	5.3
400%	5.5	5.3
500%	5.5	5.3
600%	4.5	4.4
700%	3.9	3.9

Sinking Fund Schedule

2040 Term Bond

01/01/2038	2,005M
07/01/2038	2,075M
01/01/2039	2,140M
07/01/2039	2,210M
01/01/2040	2,285M
07/01/2040	2,355M

Sinking Fund Schedule

2045 Term Bond

01/01/2041	2,435M
07/01/2041	2,515M
01/01/2042	2,590M
07/01/2042	2,680M
01/01/2043	2,765M
07/01/2043	2,855M
01/01/2044	2,950M
07/01/2044	3,045M
01/01/2045	3,145M
07/01/2045	3,245M

Sinking Fund Schedule

2050 Term Bond

01/01/2046	3,350M
07/01/2046	3,460M
01/01/2047	3,570M

07/01/2047 3,690M
01/01/2048 3,810M
07/01/2048 3,930M
01/01/2049 4,060M
07/01/2049 4,190M
01/01/2050 4,325M
07/01/2050 4,470M

Sinking Fund Schedule

2055 Term Bond

01/01/2051 4,610M
07/01/2051 4,765M
01/01/2052 4,915M
07/01/2052 5,080M
01/01/2053 5,240M
07/01/2053 5,415M
01/01/2054 5,590M
07/01/2054 5,770M
01/01/2055 5,960M
07/01/2055 6,145M

Sinking Fund Schedule

2056 Term Bond

01/01/2027 455M
07/01/2027 475M
01/01/2028 485M
07/01/2028 505M
01/01/2029 520M
07/01/2029 535M
01/01/2030 555M
07/01/2030 570M
01/01/2031 590M
07/01/2031 610M
01/01/2032 630M
07/01/2032 650M
01/01/2033 670M
07/01/2033 695M
01/01/2034 715M
07/01/2034 740M
01/01/2035 765M
07/01/2035 790M
01/01/2036 815M
07/01/2036 840M
01/01/2037 865M
07/01/2037 895M
01/01/2038 925M
07/01/2038 955M
01/01/2039 985M
07/01/2039 1,020M
01/01/2040 1,050M
07/01/2040 1,085M
01/01/2041 1,120M
07/01/2041 1,155M
01/01/2042 1,195M
07/01/2042 1,230M
01/01/2043 1,270M
07/01/2043 1,315M
01/01/2044 1,355M
07/01/2044 1,400M
01/01/2045 1,445M
07/01/2045 1,490M
01/01/2046 1,540M
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Order period until today 11:45 AM, Eastern, Wednesday, 08/13/25.
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3. National Retail
4. Member

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PRIORITY POLICY:

At least 4 firms must be designated.

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Each designee must receive a minimum of 5.00% for each priority order.

The Senior Manager requests the identification of all priority orders at the time the orders are entered.

The compliance addendum MSRB Rule G-11 will apply.

ISSUER CONSENT:

Municipal Securities Rulemaking Board Rule G11 ("Rule G11"), with respect to a primary offering of municipal securities for which an underwriting syndicate has been formed, establishes certain requirements regarding order priority provisions, including a requirement that, unless otherwise agreed to with the issuer, customer orders be given priority over orders by members of the underwriting syndicate, or affiliates of syndicate members, for their own accounts. Affiliates of members of the underwriting syndicate routinely place orders with other underwriting syndicate members for bonds. Such orders increase the scope of available purchasers for bonds and potentially increases demand for bonds which may contribute to the goals of maximizing proceeds from the sale of bonds and reducing financing costs of bonds. Consent is given pursuant to approval of these Syndicate Policies for Jefferies LLC to give orders for the bonds received by members of

the underwriting syndicate from affiliates of members of the underwriting syndicate equal priority with orders from customers that are not affiliates of members of the underwriting syndicate for the Bonds.

Pursuant to MSRB Rule G-11, syndicate members and other brokers, dealers, and municipal securities dealers ("Dealers"), when submitting an order for the syndicate member or Dealer's own account or for a "related account" as defined in Rule G-11 (which includes, without limitation, proprietary orders for affiliates of the syndicate member or Dealer), must so inform Jefferies LLC at the time any such order is submitted. The Senior Manager requests the identification of all priority orders at the time the orders are entered.

Delivery is expected on Wednesday, September 17, 2025.

This issue is book entry only. This issue is clearing through DTC.

Jefferies LLC
Morgan Stanley & Co. LLC
RBC Capital Markets
J.P. Morgan Securities LLC.
Loop Capital Markets
Piper Sandler & Co
Ramirez & Co., Inc.
Wells Fargo Bank, N.A. Municipal Finance Group

By: Jefferies LLC New York, NY

Verbal Award Wire

RE: $ 250,000,000*
TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
Residential Mortgage Revenue and Refunding Bonds
Series 2025D (Non-AMT)

POS URL: https://www.munios.com/i/1R9GAd6KO3p3

WE HAVE RECEIVED THE VERBAL AWARD.

The Department reserves the right to limit retail allotments to 50% of the aggregate par value at the final price.

Jefferies will assume that orders for the serial maturities with the same coupon on either side can be filled in 1/1 or 7/1.

MOODY'S: Aa1 S&P: AA+
FITCH: NR KROLL: NR

DATED:09/17/2025 FIRST COUPON:01/01/2026

DUE: 01/01 & 07/01

MATURITY	AMOUNT*	COUPON	PRICE	ADD'L TAKEDOWN (Pts)
01/01/2027	995M	2.90%	100.00	1/4
07/01/2027	1,025M	2.90%	100.00	1/4
01/01/2028	1,060M	2.95%	100.00	3/8
07/01/2028	1,090M	2.95%	100.00	3/8
01/01/2029	1,130M	3.00%	100.00	1/2
07/01/2029	1,170M	3.05%	100.00	1/2
01/01/2030	1,205M	3.15%	100.00	1/2
07/01/2030	1,245M	3.20%	100.00	1/2
01/01/2031	1,285M	3.40%	100.00	1/2
07/01/2031	1,325M	3.45%	100.00	1/2
01/01/2032	1,370M	3.60%	100.00	5/8
07/01/2032	1,415M	3.65%	100.00	5/8
01/01/2033	1,460M	3.80%	100.00	5/8
07/01/2033	1,505M	3.80%	100.00	5/8
01/01/2034	1,555M	3.90%	100.00	5/8
07/01/2034	1,605M	3.95%	100.00	5/8
01/01/2035	1,655M	4.00%	100.00	5/8
07/01/2035	1,710M	4.05%	100.00	5/8
01/01/2036	1,765M	4.20%	100.00	5/8
07/01/2036	1,825M	4.25%	100.00	5/8
01/01/2037	1,885M	4.35%	100.00	5/8
07/01/2037	1,945M	4.40%	100.00	5/8
07/01/2040	13,070M	4.75%	100.00	5/8
07/01/2045	28,225M	5.00%	100.00	5/8
07/01/2050	38,855M	5.10%	100.00	5/8
07/01/2055	53,490M	5.15%	100.00	5/8
01/01/2056	85,135M	6.25%	3.95	1/2

(Approx. $ Price 111.114)

(PAC)
(Avg. Life: 5.50 years over a range of 75.00 to 500.00% of PSA experience)

CALL FEATURES: Optional call in 07/01/2033 @ 100.00

Special Redemption: Subject to Special Redemption from Unexpended Proceeds, Mortgage Loan Principal Payments, and Excess Revenues, as further detailed on pages 4-11 of the POS.

2025D Premium PAC Term Bond Optional Redemption: Subject to redemption prior to maturity, in whole or in part at any time and from time to time, on and after July 1, 2033, 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
July 1, 2033	TBD
January 1, 2034	TBD
July 1, 2034	TBD
January 1, 2035	TBD
July 1, 2035	TBD
January 1, 2036	TBD
July 1, 2036 and thereafter	100.000%

PAC AVG LIFE INFORMATION:

PSA PREPAYMENT SPEED	OPTIONAL CALL NOT EXERCISED	OPTIONAL CALL AT 07/01/2033 EXERCISED
0%	17.8	7.3
50%	7.0	5.9
75%	5.5	5.3
100%	5.5	5.3
125%	5.5	5.3
150%	5.5	5.3
175%	5.5	5.3
200%	5.5	5.3
300%	5.5	5.3
400%	5.5	5.3
500%	5.5	5.3
600%	4.5	4.4
700%	3.9	3.9

Sinking Fund Schedule

2040 Term Bond

01/01/2038	2,005M
07/01/2038	2,075M
01/01/2039	2,140M
07/01/2039	2,210M
01/01/2040	2,285M
07/01/2040	2,355M

Sinking Fund Schedule

2045 Term Bond

01/01/2041	2,435M
07/01/2041	2,515M
01/01/2042	2,590M
07/01/2042	2,680M
01/01/2043	2,765M
07/01/2043	2,855M
01/01/2044	2,950M
07/01/2044	3,045M
01/01/2045	3,145M
07/01/2045	3,245M

Sinking Fund Schedule

2050 Term Bond

01/01/2046	3,350M

07/01/2046 3,460M
01/01/2047 3,570M
07/01/2047 3,690M
01/01/2048 3,810M
07/01/2048 3,930M
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Sinking Fund Schedule

2055 Term Bond

01/01/2051 4,610M
07/01/2051 4,765M
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07/01/2052 5,080M
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07/01/2055 6,145M

Sinking Fund Schedule

2056 Term Bond

01/01/2027 455M
07/01/2027 475M
01/01/2028 485M
07/01/2028 505M
01/01/2029 520M
07/01/2029 535M
01/01/2030 555M
07/01/2030 570M
01/01/2031 590M
07/01/2031 610M
01/01/2032 630M
07/01/2032 650M
01/01/2033 670M
07/01/2033 695M
01/01/2034 715M
07/01/2034 740M
01/01/2035 765M
07/01/2035 790M
01/01/2036 815M
07/01/2036 840M
01/01/2037 865M
07/01/2037 895M
01/01/2038 925M
07/01/2038 955M
01/01/2039 985M
07/01/2039 1,020M
01/01/2040 1,050M
07/01/2040 1,085M
01/01/2041 1,120M
07/01/2041 1,155M
01/01/2042 1,195M
07/01/2042 1,230M
01/01/2043 1,270M
07/01/2043 1,315M
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07/01/2044 1,400M
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01/01/2047 1,645M

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Ramirez & Co., Inc.
Wells Fargo Bank, N.A. Municipal Finance Group

By: Jefferies LLC New York, NY

Final Pricing Wire

RE: $ 250,000,000
TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
Residential Mortgage Revenue and Refunding Bonds
Series 2025D (Non-AMT)

POS URL: https://www.munios.com/i/1R9GAd6KO3p3

WE HAVE THE WRITTEN AWARD.

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MOODY'S: Aa1 S&P: AA+
FITCH: NR KROLL: NR

DATED:09/17/2025 FIRST COUPON:01/01/2026

DUE: 01/01 & 07/01

INITIAL TRADE DATE: 08/14/2025 @ 10:15AM Eastern

MATURITY	AMOUNT	COUPON	PRICE	ADD'L TAKEDOWN (Pts)	CUSIP
01/01/2027	995M	2.90%	100.00	1/4	882750L34
07/01/2027	1,025M	2.90%	100.00	1/4	882750L42
01/01/2028	1,060M	2.95%	100.00	3/8	882750L59
07/01/2028	1,090M	2.95%	100.00	3/8	882750L67
01/01/2029	1,130M	3.00%	100.00	1/2	882750L75
07/01/2029	1,170M	3.05%	100.00	1/2	882750L83
01/01/2030	1,205M	3.15%	100.00	1/2	882750L91
07/01/2030	1,245M	3.20%	100.00	1/2	882750M25
01/01/2031	1,285M	3.40%	100.00	1/2	882750M33
07/01/2031	1,325M	3.45%	100.00	1/2	882750M41
01/01/2032	1,370M	3.60%	100.00	5/8	882750M58
07/01/2032	1,415M	3.65%	100.00	5/8	882750M66
01/01/2033	1,460M	3.80%	100.00	5/8	882750M74
07/01/2033	1,505M	3.80%	100.00	5/8	882750M82
01/01/2034	1,555M	3.90%	100.00	5/8	882750M90
07/01/2034	1,605M	3.95%	100.00	5/8	882750N24
01/01/2035	1,655M	4.00%	100.00	5/8	882750N32
07/01/2035	1,710M	4.05%	100.00	5/8	882750N40
01/01/2036	1,765M	4.20%	100.00	5/8	882750N57
07/01/2036	1,825M	4.25%	100.00	5/8	882750N65
01/01/2037	1,885M	4.35%	100.00	5/8	882750N73
07/01/2037	1,945M	4.40%	100.00	5/8	882750N81
07/01/2040	13,070M	4.75%	100.00	5/8	882750N99
07/01/2045	28,225M	5.00%	100.00	5/8	882750P22
07/01/2050	38,855M	5.10%	100.00	5/8	882750P30
07/01/2055	53,490M	5.15%	100.00	5/8	882750P48
01/01/2056	85,135M	6.25%	3.95	1/2	882750P55

(Approx. $ Price 111.114)

(PAC)
(Avg. Life: 5.50 years over a range of 75.00 to 500.00% of PSA experience)

CALL FEATURES: Optional call in 07/01/2033 @ 100.00

Special Redemption: Subject to Special Redemption from Unexpended Proceeds, Mortgage Loan Principal Payments, and Excess Revenues, as further detailed on pages 4-11 of the POS.

2025D Premium PAC Term Bond Optional Redemption: Subject to redemption prior to maturity, in whole or in part at any time and from time to time, on and after July 1, 2033, 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
July 1, 2033	103.110%
January 1, 2034	102.740%
July 1, 2034	102.338%
January 1, 2035	101.906%
July 1, 2035	101.455%
January 1, 2036	101.113%
July 1, 2036 and thereafter	100.000%

PAC AVG LIFE INFORMATION:

PSA PREPAYMENT SPEED	OPTIONAL CALL NOT EXERCISED	OPTIONAL CALL AT 07/01/2033 EXERCISED
0%	17.8	7.3
50%	7.0	5.9
75%	5.5	5.3
100%	5.5	5.3
125%	5.5	5.3
150%	5.5	5.3
175%	5.5	5.3
200%	5.5	5.3
300%	5.5	5.3
400%	5.5	5.3
500%	5.5	5.3
600%	4.5	4.4
700%	3.9	3.9

Sinking Fund Schedule

2040 Term Bond

01/01/2038	2,005M
07/01/2038	2,075M
01/01/2039	2,140M
07/01/2039	2,210M
01/01/2040	2,285M
07/01/2040	2,355M

Sinking Fund Schedule

2045 Term Bond

01/01/2041	2,435M
07/01/2041	2,515M
01/01/2042	2,590M
07/01/2042	2,680M
01/01/2043	2,765M
07/01/2043	2,855M
01/01/2044	2,950M
07/01/2044	3,045M
01/01/2045	3,145M
07/01/2045	3,245M

Sinking Fund Schedule

2050 Term Bond

01/01/2046	3,350M
07/01/2046	3,460M
01/01/2047	3,570M
07/01/2047	3,690M
01/01/2048	3,810M
07/01/2048	3,930M
01/01/2049	4,060M
07/01/2049	4,190M
01/01/2050	4,325M
07/01/2050	4,470M

Sinking Fund Schedule

2055 Term Bond

01/01/2051	4,610M
07/01/2051	4,765M
01/01/2052	4,915M
07/01/2052	5,080M
01/01/2053	5,240M
07/01/2053	5,415M
01/01/2054	5,590M
07/01/2054	5,770M
01/01/2055	5,960M
07/01/2055	6,145M

Sinking Fund Schedule

2056 Term Bond

01/01/2027	455M
07/01/2027	475M
01/01/2028	485M
07/01/2028	505M
01/01/2029	520M
07/01/2029	535M
01/01/2030	555M
07/01/2030	570M
01/01/2031	590M
07/01/2031	610M
01/01/2032	630M
07/01/2032	650M
01/01/2033	670M
07/01/2033	695M
01/01/2034	715M
07/01/2034	740M
01/01/2035	765M
07/01/2035	790M
01/01/2036	815M
07/01/2036	840M
01/01/2037	865M
07/01/2037	895M
01/01/2038	925M
07/01/2038	955M
01/01/2039	985M
07/01/2039	1,020M
01/01/2040	1,050M
07/01/2040	1,085M
01/01/2041	1,120M
07/01/2041	1,155M
01/01/2042	1,195M
07/01/2042	1,230M
01/01/2043	1,270M
07/01/2043	1,315M
01/01/2044	1,355M

07/01/2044	1,400M
01/01/2045	1,445M
07/01/2045	1,490M
01/01/2046	1,540M
07/01/2046	1,590M
01/01/2047	1,645M
07/01/2047	1,695M
01/01/2048	1,750M
07/01/2048	1,810M
01/01/2049	1,865M
07/01/2049	1,930M
01/01/2050	1,990M
07/01/2050	2,055M
01/01/2051	2,125M
07/01/2051	2,190M
01/01/2052	2,265M
07/01/2052	2,335M
01/01/2053	2,415M
07/01/2053	2,490M
01/01/2054	2,570M
07/01/2054	2,655M
01/01/2055	2,740M
07/01/2055	2,835M
01/01/2056	9,280M

PRIORITY OF ORDERS:
1. Net Designated*
2. Texas Retail
3. National Retail
4. Member

*If an investor is affiliated with a syndicate member and that syndicate member may not be compensated for the investor's order, the investor will not be required to designate that syndicate member.

RETAIL DEFINITION:

A "Retail" order is defined as an order placed for the account of an individual, bank trust, or investment advisor acting on behalf of an individual, with a maximum of $1,000,000 per account, or at the discretion of the Department, some larger amount. Retail orders do not include bank portfolios, insurance companies, bond funds or municipalities. Zip Codes are required with all Retail Orders.

PRIORITY POLICY:

At least 4 firms must be designated.

No firm may receive more than 60.00% of any designation.

Each designee must receive a minimum of 5.00% for each priority order.

The Senior Manager requests the identification of all priority orders at the time the orders are entered.

The compliance addendum MSRB Rule G-11 will apply.

ISSUER CONSENT:

Municipal Securities Rulemaking Board Rule G11 ("Rule G11"), with respect to a primary offering of municipal securities for which an underwriting syndicate has been formed, establishes certain requirements regarding order priority provisions, including a requirement that, unless otherwise agreed to with the issuer, customer orders be given priority over orders by members of the underwriting syndicate, or affiliates of syndicate members, for their own accounts. Affiliates of members of the underwriting syndicate routinely place orders with other underwriting syndicate members for bonds. Such orders

increase the scope of available purchasers for bonds and potentially increases demand for bonds which may contribute to the goals of maximizing proceeds from the sale of bonds and reducing financing costs of bonds. Consent is given pursuant to approval of these Syndicate Policies for Jefferies LLC to give orders for the bonds received by members of the underwriting syndicate from affiliates of members of the underwriting syndicate equal priority with orders from customers that are not affiliates of members of the underwriting syndicate for the Bonds.

Pursuant to MSRB Rule G-11, syndicate members and other brokers, dealers, and municipal securities dealers ("Dealers"), when submitting an order for the syndicate member or Dealer's own account or for a "related account" as defined in Rule G-11 (which includes, without limitation, proprietary orders for affiliates of the syndicate member or Dealer), must so inform Jefferies LLC at the time any such order is submitted. The Senior Manager requests the identification of all priority orders at the time the orders are entered.

The Award is final for Wednesday, August 13, 2025 at 5:58PM Eastern.

Delivery is firm for Wednesday, September 17, 2025.

This issue is book entry only. This issue is clearing through DTC.

Award: 08/13/2025
Award Time: 5:58PM Eastern
Delivery: 09/17/2025 (Firm)
Initial trade: 08/14/2025
Date of Execution: 08/14/2025
Time of Execution: 10:15AM Eastern

Jefferies LLC
Morgan Stanley & Co. LLC
RBC Capital Markets
J.P. Morgan Securities LLC.
Loop Capital Markets
Piper Sandler & Co
Ramirez & Co., Inc.
Wells Fargo Bank, N.A. Municipal Finance Group

By: Jefferies LLC New York, NY

3. Financing Results

Pricing Progression

Pricing Progression										
Serial Bonds										
			Retail Order Period			Preliminary Pricing			Verbal Award	
Maturity	**Par**	**MMD (8/11)**	**Spread to MMD**	**Yield**	**MMD (8/12)**	**Spread to MMD**	**Yield**	**MMD (8/12)**	**Spread to MMD**	**Yield**
1/1/2027	$995,000	2.23%	**+ 67**	2.900%	2.23%	**+ 67**	2.900%	2.23%	**+ 67**	2.900%
7/1/2027	$1,025,000	2.25%	**+ 65**	2.900%	2.25%	**+ 65**	2.900%	2.25%	**+ 65**	2.900%
1/1/2028	$1,060,000	2.25%	**+ 70**	2.950%	2.25%	**+ 70**	2.950%	2.25%	**+ 70**	2.950%
7/1/2028	$1,090,000	2.25%	**+ 70**	2.950%	2.25%	**+ 70**	2.950%	2.25%	**+ 70**	2.950%
1/1/2029	$1,130,000	2.28%	**+ 72**	3.000%	2.28%	**+ 72**	3.000%	2.28%	**+ 72**	3.000%
7/1/2029	$1,170,000	2.28%	**+ 77**	3.050%	2.28%	**+ 77**	3.050%	2.28%	**+ 77**	3.050%
1/1/2030	$1,205,000	2.38%	**+ 77**	3.150%	2.38%	**+ 77**	3.150%	2.38%	**+ 77**	3.150%
7/1/2030	$1,245,000	2.40%	**+ 80**	3.200%	2.40%	**+ 80**	3.200%	2.40%	**+ 80**	3.200%
1/1/2031	$1,285,000	2.52%	**+ 88**	3.400%	2.52%	**+ 88**	3.400%	2.52%	**+ 88**	3.400%
7/1/2031	$1,325,000	2.58%	**+ 87**	3.450%	2.58%	**+ 87**	3.450%	2.58%	**+ 87**	3.450%
1/1/2032	$1,370,000	2.69%	**+ 91**	3.600%	2.69%	**+ 91**	3.600%	2.69%	**+ 91**	3.600%
7/1/2032	$1,415,000	2.74%	**+ 91**	3.650%	2.74%	**+ 91**	3.650%	2.74%	**+ 91**	3.650%
1/1/2033	$1,460,000	2.86%	**+ 94**	3.800%	2.86%	**+ 94**	3.800%	2.86%	**+ 94**	3.800%
7/1/2033	$1,505,000	2.87%	**+ 93**	3.800%	2.87%	**+ 93**	3.800%	2.87%	**+ 93**	3.800%
1/1/2034	$1,555,000	2.96%	**+ 94**	3.900%	2.97%	**+ 93**	3.900%	2.97%	**+ 93**	3.900%
7/1/2034	$1,605,000	3.02%	**+ 93**	3.950%	3.03%	**+ 92**	3.950%	3.03%	**+ 92**	3.950%
1/1/2035	$1,655,000	3.13%	**+ 87**	4.000%	3.14%	**+ 86**	4.000%	3.14%	**+ 86**	4.000%
7/1/2035	$1,710,000	3.20%	**+ 85**	4.050%	3.21%	**+ 84**	4.050%	3.21%	**+ 84**	4.050%
1/1/2036	$1,765,000	3.34%	**+ 86**	4.200%	3.35%	**+ 85**	4.200%	3.35%	**+ 85**	4.200%
7/1/2036	$1,825,000	3.38%	**+ 87**	4.250%	3.39%	**+ 86**	4.250%	3.39%	**+ 86**	4.250%
1/1/2037	$1,885,000	3.50%	**+ 85**	4.350%	3.51%	**+ 84**	4.350%	3.51%	**+ 84**	4.350%
7/1/2037	$1,945,000	3.52%	**+ 88**	4.400%	3.53%	**+ 87**	4.400%	3.53%	**+ 87**	4.400%
Term Bonds										
7/1/2040	$13,070,000	3.87%	**+ 88**	4.750%	3.88%	**+ 87**	4.750%	3.88%	**+ 87**	4.750%
7/1/2045	$28,225,000	4.36%	**+ 64**	5.000%	4.37%	**+ 63**	5.000%	4.37%	**+ 63**	5.000%
7/1/2050	$38,855,000	4.53%	**+ 57**	5.100%	4.54%	**+ 56**	5.100%	4.54%	**+ 56**	5.100%
7/1/2055	$53,490,000	4.58%	**+ 57**	5.150%	4.58%	**+ 57**	5.150%	4.58%	**+ 57**	5.150%
1/1/2056 (PAC)	$85,135,000	2.55%	**+ 120**	3.750%	2.55%	**+ 120**	3.750%	2.55%	**+ 140**	3.950%
TOTAL	**$250,000,000**									

Pricing Comparisons

Texas Department of Housing and Community Affairs

Residential Mortgage Revenue and Refunding Bonds
Series 2025 D
8/13/2025
Aa1 | AA+ | NR | NR
Non-AMT
$250,000,000
Optional call in 07/01/2033

MATURITY	PAR ($MM)	COUPON	YIELD	SPREAD (DAY PRIOR)	SPREAD (DAY OF)
1/1/2027	995	2.900	2.900	+ 67	+ 67
7/1/2027	1,025	2.900	2.900	+ 65	+ 65
1/1/2028	1,060	2.950	2.950	+ 70	+ 70
7/1/2028	1,090	2.950	2.950	+ 70	+ 70
1/1/2029	1,130	3.000	3.000	+ 72	+ 72
7/1/2029	1,170	3.050	3.050	+ 77	+ 77
1/1/2030	1,205	3.150	3.150	+ 77	+ 77
7/1/2030	1,245	3.200	3.200	+ 80	+ 80
1/1/2031	1,285	3.400	3.400	+ 88	+ 88
7/1/2031	1,325	3.450	3.450	+ 87	+ 87
1/1/2032	1,370	3.600	3.600	+ 91	+ 91
7/1/2032	1,415	3.650	3.650	+ 91	+ 91
1/1/2033	1,460	3.800	3.800	+ 94	+ 94
7/1/2033	1,505	3.800	3.800	+ 93	+ 93
1/1/2034	1,555	3.900	3.900	+ 93	+ 93
7/1/2034	1,605	3.950	3.950	+ 92	+ 92
1/1/2035	1,655	4.000	4.000	+ 86	+ 86
7/1/2035	1,710	4.050	4.050	+ 84	+ 84
1/1/2036	1,765	4.200	4.200	+ 85	+ 85
7/1/2036	1,825	4.250	4.250	+ 86	+ 86
1/1/2037	1,885	4.350	4.350	+ 84	+ 84
7/1/2037	1,945	4.400	4.400	+ 87	+ 87
7/1/2040	13,070	4.750	4.750	+ 87	+ 87
7/1/2045	28,225	5.000	5.000	+ 63	+ 63
7/1/2050	38,855	5.100	5.100	+ 56	+ 56
7/1/2055	53,490	5.150	5.150	+ 57	+ 57
1/1/2056	85,135	6.250	3.950	+ 140	+ 140
			111.114		

*PAC Avg Life 5.50 yrs over range of 75 - 500% PSA @ 6.25% coupon

Massachusetts Housing Finance Agency

Single Family Housing Revenue Bonds
Series 246
8/11/2025
Aa1 | AA+ | NR | NR
Non-AMT
$60,780,000
Optional call in 06/01/2033

MATURITY	PAR ($MM)	COUPON	YIELD	SPREAD (DAY PRIOR)	SPREAD (DAY OF)
6/1/2028	115	2.900	2.900	+ 62	+ 65
12/1/2028	120	2.900	2.900	+ 62	+ 65
6/1/2029	125	2.950	2.950	+ 67	+ 67
12/1/2029	135	3.000	3.000	+ 70	+ 70
6/1/2030	150	3.100	3.100	+ 71	+ 71
12/1/2030	160	3.150	3.150	+ 73	+ 73
6/1/2031	175	3.350	3.350	+ 78	+ 78
12/1/2031	185	3.400	3.400	+ 81	+ 81
6/1/2032	225	3.550	3.550	+ 82	+ 82
12/1/2032	240	3.600	3.600	+ 83	+ 83
6/1/2033	250	3.750	3.750	+ 88	+ 88
12/1/2033	255	3.750	3.750	+ 87	+ 87
6/1/2034	265	3.850	3.850	+ 84	+ 84
12/1/2034	275	3.900	3.900	+ 85	+ 85
6/1/2035	280	3.950	3.950	+ 74	+ 76
12/1/2035	745	4.000	4.000	+ 78	+ 78
6/1/2036	765	4.150	4.150	+ 78	+ 78
12/1/2036	790	4.250	4.250	+ 85	+ 85
6/1/2037	815	4.350	4.350	+ 84	+ 84
12/1/2037	840	4.400	4.400	+ 86	+ 86
12/1/2040	11,450	4.750	4.750	+ 88	+ 88
12/1/2045	15,520	5.000	5.000	+ 64	+ 64
12/1/2050	15,625	5.050	5.050	+ 52	+ 52
12/1/2055	11,275	5.100	5.100	+ 52	+ 52

Iowa Finance Authority

Singel Family Mortgage Bonds
2025 Series E
8/11/2025
Aa1 | AAA | NR | NR
Non-AMT
$65,000,000
Optional call in 01/01/2034

MATURITY	PAR ($MM)	COUPON	YIELD	SPREAD (DAY PRIOR)	SPREAD (DAY OF)
1/1/2036	645	4.150	4.150	+ 81	+ 81
7/1/2036	670	4.200	4.200	+ 82	+ 82
1/1/2037	690	4.350	4.350	+ 85	+ 85
7/1/2037	715	4.350	4.350	+ 83	+ 83
7/1/2040	4,855	4.750	4.750	+ 88	+ 88
7/1/2045	15,700	5.000	5.000	+ 64	+ 64
7/1/2050	22,240	5.050	5.050	+ 52	+ 52
7/1/2055	19,485	5.100	5.100	+ 52	+ 52

Wyoming Community Development Authority

Housing Revenue Bonds
2025 Series 3
8/6/2025
Aa1 | AA+ | NR | NR
Non-AMT
$77,675,000
Optional call in 12/01/2033

MATURITY	PAR ($MM)	COUPON	YIELD	SPREAD (DAY PRIOR)	SPREAD (DAY OF)
12/1/2035	800	4.000	4.000	+ 78	+ 78
6/1/2036	820	4.200	4.200	+ 83	+ 83
12/1/2036	850	4.250	4.250	+ 85	+ 85
6/1/2037	875	4.350	4.350	+ 84	+ 84
12/1/2037	905	4.350	4.350	+ 81	+ 81
12/1/2040	6,075	4.800	4.800	+ 93	+ 93
12/1/2045	13,065	5.000	5.000	+ 64	+ 64
12/1/2050	22,090	5.050	5.050	+ 52	+ 52
12/1/2053	16,250	5.100	5.100	+ 54	+ 54
12/1/2055	15,945	6.250	3.540	+ 113	+ 113
			112.167		

*PAC Avg Life 5.0 yrs over range of 50 - 700% PSA @ 6.25% coupon

Nebraska Investment Finance Authority

Single Family Housing Revenue Bonds
2025 Series E
8/5/2025
NR | AAA | NR | NR
Non-AMT
$106,980,000
Optional call in 03/01/2034

MATURITY	PAR ($MM)	COUPON	YIELD	SPREAD (DAY PRIOR)	SPREAD (DAY OF)
3/1/2026	10	2.750	2.750	+ 46	+ 48
9/1/2026	25	2.800	2.800	+ 51	+ 53
3/1/2027	35	2.900	2.900	+ 61	+ 63
9/1/2027	35	2.900	2.900	+ 61	+ 63
3/1/2028	40	2.950	2.950	+ 65	+ 67
9/1/2028	65	2.950	2.950	+ 65	+ 67
3/1/2029	70	2.950	2.950	+ 65	+ 67
9/1/2029	75	3.000	3.000	+ 69	+ 71
3/1/2030	75	3.150	3.150	+ 72	+ 74
9/1/2030	95	3.200	3.200	+ 77	+ 79
3/1/2031	130	3.350	3.350	+ 76	+ 79
9/1/2031	160	3.350	3.350	+ 74	+ 76
3/1/2032	180	3.600	3.600	+ 87	+ 89
9/1/2032	195	3.650	3.650	+ 87	+ 89
3/1/2033	220	3.800	3.800	+ 92	+ 94
9/1/2033	250	3.800	3.800	+ 91	+ 93
3/1/2034	260	3.900	3.900	+ 90	+ 92
9/1/2034	270	3.950	3.950	+ 89	+ 91
3/1/2035	285	4.000	4.000	+ 79	+ 81
9/1/2035	1,120	4.050	4.050	+ 82	+ 84
3/1/2036	1,155	4.200	4.200	+ 83	+ 85
9/1/2036	1,195	4.250	4.250	+ 84	+ 86
3/1/2037	1,230	4.400	4.400	+ 88	+ 90
9/1/2037	1,270	4.400	4.400	+ 85	+ 87
9/1/2040	8,520	4.750	4.750	+ 86	+ 88
9/1/2045	18,365	4.950	4.950	+ 57	+ 59
9/1/2050	45,985	5.050	5.050	+ 50	+ 52
9/1/2055	25,665	6.250	3.620	+ 119	+ 121
			111.758		

*PAC Avg Life 5.0 yrs over range of 50 - 600% PSA @ 6.25% coupon

Delaware State Housing Authority

Senior Single Family Mortgage Revenue Bonds
2025 Series C
8/5/2025
Aa1 | NR | NR | NR
Non-AMT
$105,000,000
Optional call in 01/01/2034

MATURITY	PAR ($MM)	COUPON	YIELD	SPREAD (DAY PRIOR)	SPREAD (DAY OF)
7/1/2026	275	2.800	2.800	+ 51	+ 53
1/1/2027	485	2.900	2.900	+ 61	+ 63
7/1/2027	500	2.900	2.900	+ 61	+ 63
1/1/2028	505	2.950	2.950	+ 65	+ 67
7/1/2028	520	2.950	2.950	+ 65	+ 67
1/1/2029	525	2.950	2.950	+ 65	+ 67
7/1/2029	540	3.000	3.000	+ 70	+ 72
1/1/2030	545	3.150	3.150	+ 72	+ 74
7/1/2030	560	3.200	3.200	+ 77	+ 79
1/1/2031	570	3.400	3.400	+ 82	+ 86
7/1/2031	590	3.450	3.450	+ 84	+ 86
1/1/2032	600	3.600	3.600	+ 89	+ 91
7/1/2032	615	3.650	3.650	+ 89	+ 91
1/1/2033	625	3.800	3.800	+ 92	+ 94
7/1/2033	640	3.800	3.800	+ 91	+ 93
1/1/2034	660	3.900	3.900	+ 92	+ 94
7/1/2034	675	3.950	3.950	+ 91	+ 93
1/1/2035	690	4.000	4.000	+ 80	+ 82
7/1/2035	705	4.050	4.050	+ 82	+ 84
1/1/2036	725	4.200	4.200	+ 84	+ 86
7/1/2036	745	4.250	4.250	+ 85	+ 87
1/1/2037	760	4.400	4.400	+ 88	+ 90
7/1/2037	780	4.400	4.400	+ 86	+ 88
7/1/2040	5,145	4.750	4.750	+ 86	+ 88
7/1/2045	10,725	4.950	4.950	+ 57	+ 59
1/1/2050	12,000	5.050	4.901	+ 35	+ 37
7/1/2050	2,250	5.050	5.050	+ 50	+ 52
1/1/2055	15,000	5.100	4.951	+ 35	+ 37
7/1/2055	4,045	5.100	5.100	+ 50	+ 52
1/1/2056	42,000	6.000	3.720	+ 129	+ 131
			110.085		

*PAC Avg Life 5.0 yrs over range of 100 - 500% PSA @ 6.00% coupon

Prior Non-AMT PAC Deals

Texas Department of Housing and Community Affairs
Residential Mortgage Revenue and Refunding Bonds
Series 2025 D
8/13/2025
Aa1 | AA+ | NR | NR
Non-AMT
$250,000,000
Optional call in 07/01/2033 @ 100.00

MATURITY	PAR ($MM)	COUPON	YIELD	SPREAD (MMD DAY OF)
1/1/2027	995	2.900	2.900	+ 67
7/1/2027	1,025	2.900	2.900	+ 65
1/1/2028	1,060	2.950	2.950	+ 70
7/1/2028	1,090	2.950	2.950	+ 70
1/1/2029	1,130	3.000	3.000	+ 72
7/1/2029	1,170	3.050	3.050	+ 77
1/1/2030	1,205	3.150	3.150	+ 77
7/1/2030	1,245	3.200	3.200	+ 80
1/1/2031	1,285	3.400	3.400	+ 88
7/1/2031	1,325	3.450	3.450	+ 87
1/1/2032	1,370	3.600	3.600	+ 91
7/1/2032	1,415	3.650	3.650	+ 91
1/1/2033	1,460	3.800	3.800	+ 94
7/1/2033	1,505	3.800	3.800	+ 93
1/1/2034	1,555	3.900	3.900	+ 93
7/1/2034	1,605	3.950	3.950	+ 92
1/1/2035	1,655	4.000	4.000	+ 86
7/1/2035	1,710	4.050	4.050	+ 84
1/1/2036	1,765	4.200	4.200	+ 85
7/1/2036	1,825	4.250	4.250	+ 86
1/1/2037	1,885	4.350	4.350	+ 84
7/1/2037	1,945	4.400	4.400	+ 87
7/1/2040	13,070	4.750	4.750	+ 87
7/1/2045	28,225	5.000	5.000	+ 63
7/1/2050	38,855	5.100	5.100	+ 56
7/1/2055	53,490	5.150	5.150	+ 57
1/1/2056	85,135	6.250	3.950	+ 140
			111.114	

*PAC Avg Life 5.50 yrs over range of 75 - 500% PSA @ 6.25% coupon

Texas Department of Housing and Community Affairs
Residential Mortgage Revenue and Refunding Bonds
2025 Series B
5/6/2025
Aaa | AA+ | NR | NR
Non-AMT
$187,500,000
Optional call in 07/01/2033 @ 100.00

MATURITY	PAR ($MM)	COUPON	YIELD	SPREAD (MMD DAY OF)
7/1/2026	1,070	3.500	3.500	+ 59
1/1/2027	1,090	3.550	3.550	+ 63
7/1/2027	1,110	3.600	3.600	+ 68
1/1/2028	1,125	3.650	3.650	+ 73
7/1/2028	1,150	3.700	3.700	+ 78
1/1/2029	1,175	3.800	3.800	+ 85
7/1/2029	1,195	3.850	3.850	+ 90
1/1/2030	1,220	3.875	3.875	+ 88
7/1/2030	1,240	3.950	3.950	+ 95
1/1/2031	1,265	4.000	4.000	+ 96
7/1/2031	1,290	4.050	4.050	+ 101
1/1/2032	1,315	4.100	4.100	+ 102
7/1/2032	1,340	4.150	4.150	+ 105
1/1/2033	1,370	4.200	4.200	+ 106
7/1/2033	1,400	4.250	4.250	+ 110
1/1/2034	1,425	4.300	4.300	+ 108
7/1/2034	1,455	4.350	4.350	+ 110
1/1/2035	1,485	4.350	4.350	+ 104
7/1/2035	1,520	4.375	4.375	+ 105
1/1/2036	1,555	4.450	4.450	+ 104
7/1/2036	1,590	4.450	4.450	+ 102
1/1/2037	1,625	4.500	4.500	+ 101
7/1/2037	1,655	4.500	4.500	+ 99
7/1/2040	10,805	4.650	4.650	+ 90
7/1/2045	21,860	4.900	4.900	+ 73
7/1/2050	28,135	5.000	5.000	+ 67
7/1/2055	36,535	5.050	5.050	+ 65
7/1/2056	59,500	6.000	4.060	+ 102
			110.077	

*PAC Avg Life 6.0 yrs over range of 75 - 400% PSA @ 6.00% coupon

Texas Department of Housing and Community Affairs
Residential Mortgage Revenue and Refunding Bonds
2025 Series A
1/14/2025
Aaa | AA+ | NR | NR
Non-AMT
$175,000,000
Optional call in 07/01/2033 @ 100.00

MATURITY	PAR ($MM)	COUPON	YIELD	SPREAD (MMD DAY OF)
1/1/2026	470	3.200	3.200	+ 34
7/1/2026	845	3.250	3.250	+ 39
1/1/2027	865	3.350	3.350	+ 46
7/1/2027	880	3.400	3.400	+ 51
1/1/2028	905	3.450	3.450	+ 53
7/1/2028	920	3.450	3.450	+ 53
1/1/2029	940	3.500	3.500	+ 54
7/1/2029	965	3.500	3.500	+ 54
1/1/2030	985	3.550	3.550	+ 56
7/1/2030	1,005	3.650	3.650	+ 66
1/1/2031	1,035	3.750	3.750	+ 73
7/1/2031	1,055	3.800	3.800	+ 78
1/1/2032	1,080	3.900	3.900	+ 86
7/1/2032	1,105	3.950	3.950	+ 89
1/1/2033	1,135	3.950	3.950	+ 84
7/1/2033	1,165	3.950	3.950	+ 83
1/1/2034	1,195	4.000	4.000	+ 84
7/1/2034	1,225	4.000	4.000	+ 81
1/1/2035	1,250	4.000	4.000	+ 76
7/1/2035	1,285	4.000	4.000	+ 74
1/1/2036	1,315	4.050	4.050	+ 75
7/1/2036	1,345	4.100	4.100	+ 78
1/1/2040	10,465	4.250	4.250	+ 71
1/1/2045	18,675	4.650	4.689	+ 77
			99.500	
1/1/2050	24,585	5.000	4.800	+ 76
			101.362	
7/1/2055	35,685	5.125	4.850	+ 74
			101.871	
1/1/2056	62,620	5.750	4.100	+ 108
			108.51	

*PAC Avg Life 6.0 yrs over range of 75 - 400% PSA @ 5.75% coupon

Texas Department of Housing and Community Affairs
Residential Mortgage Revenue Bonds
Series 2024 C
6/25/2024
Aaa | AA+ | NR | NR
Non-AMT
$150,000,000
Optional call in 01/01/2033 @ 100.00

MATURITY	PAR ($MM)	COUPON	YIELD	SPREAD (MMD DAY OF)
7/1/2025	690	5.250	3.200	**+ 11**
1/1/2026	825	5.250	3.200	**+ 13**
7/1/2026	850	5.250	3.250	**+ 21**
1/1/2027	870	5.250	3.300	**+ 32**
7/1/2027	895	5.250	3.300	**+ 37**
1/1/2028	920	5.250	3.350	**+ 45**
7/1/2028	940	5.250	3.350	**+ 45**
1/1/2029	965	5.250	3.350	**+ 50**
7/1/2029	995	5.250	3.350	**+ 50**
1/1/2030	1,020	5.250	3.450	**+ 63**
7/1/2030	1,045	5.250	3.500	**+ 68**
1/1/2031	1,070	5.250	3.500	**+ 69**
7/1/2031	1,100	5.250	3.550	**+ 74**
1/1/2032	1,130	5.250	3.600	**+ 80**
7/1/2032	1,160	5.250	3.600	**+ 80**
1/1/2033	1,190	5.250	3.650	**+ 86**
7/1/2033	1,225	3.750	3.750	**+ 96**
1/1/2034	1,255	3.800	3.800	**+ 101**
7/1/2034	1,280	3.900	3.900	**+ 111**
1/1/2035	1,305	3.950	3.950	**+ 115**
7/1/2035	1,330	3.950	3.950	**+ 114**
1/1/2039	10,190	4.100	4.100	**+ 105**
1/1/2044	17,710	4.450	4.450	**+ 104**
1/1/2049	22,525	5.000	4.650	**+ 104**
			102.420	
1/1/2054	28,950	5.125	4.700	**+ 101**
			102.934	
7/1/2054	48,565	6.000	4.100	**+ 128**
			109.778	

***PAC Avg Life 6.0 yrs over range of 75 - 400% PSA @ 6.0% coupon**

Texas Department of Housing and Community Affairs
Residential Mortgage Revenue Bonds
Series 2024 A
3/12/2024
Aaa | AA+ | NR | NR
Non-AMT
$150,000,000
Optional call in 01/01/2033 @ 100.00

MATURITY	PAR ($MM)	COUPON	YIELD	SPREAD (MMD DAY OF)
7/1/2025	740	5.500	3.000	**+ 12**
1/1/2026	625	5.500	3.030	**+ 31**
7/1/2026	645	5.500	3.080	**+ 41**
1/1/2027	665	5.500	3.100	**+ 54**
7/1/2027	690	5.500	3.100	**+ 58**
1/1/2028	705	5.500	3.130	**+ 71**
7/1/2028	720	5.500	3.130	**+ 71**
1/1/2029	745	5.500	3.160	**+ 76**
7/1/2029	765	5.500	3.170	**+ 77**
1/1/2030	785	5.500	3.220	**+ 84**
7/1/2030	820	5.500	3.220	**+ 84**
1/1/2031	835	5.500	3.270	**+ 89**
7/1/2031	865	5.500	3.330	**+ 95**
1/1/2032	885	5.500	3.370	**+ 98**
7/1/2032	910	5.500	3.420	**+ 103**
1/1/2033	940	5.500	3.470	**+ 107**
7/1/2033	975	3.700	3.700	**+ 130**
1/1/2034	995	3.750	3.750	**+ 135**
7/1/2035	3,120	3.850	3.850	**+ 133**
1/1/2039	8,230	4.000	4.000	**+ 113**
1/1/2044	14,570	4.450	4.450	**+ 120**
1/1/2049	19,030	5.000	4.490	**+ 100**
			103.641	
1/1/2054	25,160	5.125	4.570	**+ 100**
			103.949	
7/1/2054	65,580	5.750	3.840	**+ 146**
			109.840	

***PAC Avg Life 6.0 yrs over range of 100 - 400% PSA @ 5.75% coupon**

Texas Department of Housing and Community Affairs
Single Family Mortgage Revenue Bonds
2023 Series C
12/6/2023
Aaa | AA+ | NR | NR
Non-AMT
$150,000,000
Optional call in 09/01/2032 @ 100.00

MATURITY	PAR ($MM)	COUPON	YIELD	SPREAD (MMD DAY OF)
3/1/2025	485	5.500	3.300	**+ 48**
9/1/2025	500	5.500	3.350	**+ 55**
3/1/2026	520	5.500	3.380	**+ 67**
9/1/2026	535	5.500	3.380	**+ 71**
3/1/2027	550	5.500	3.430	**+ 83**
9/1/2027	570	5.500	3.430	**+ 85**
3/1/2028	585	5.500	3.480	**+ 95**
9/1/2028	600	5.500	3.480	**+ 95**
3/1/2029	615	5.500	3.520	**+ 99**
9/1/2029	625	5.500	3.520	**+ 99**
3/1/2030	645	5.500	3.570	**+ 103**
9/1/2030	665	5.500	3.570	**+ 103**
3/1/2031	680	5.500	3.610	**+ 106**
9/1/2031	700	5.500	3.660	**+ 111**
3/1/2032	715	5.500	3.710	**+ 114**
9/1/2032	735	5.500	3.790	**+ 122**
3/1/2033	570	3.950	3.950	**+ 138**
9/1/2033	595	3.950	3.950	**+ 138**
3/1/2034	955	4.000	4.000	**+ 142**
9/1/2034	985	4.000	4.000	**+ 138**
3/1/2035	1,010	4.050	4.050	**+ 138**
9/1/2038	7,910	4.300	4.300	**+ 121**
9/1/2043	14,430	4.600	4.600	**+ 120**
9/1/2048	19,320	5.000	4.770	**+ 112**
			101.614	
9/1/2053	26,235	5.125	4.850	**+ 112**
			101.925	
3/1/2054	68,265	6.000	4.120	**+ 159**
			109.583	

***PAC Avg Life 6.0 yrs over range of 100 - 400% PSA @ 6.00% coupon**

Texas Department of Housing and Community Affairs
Residential Mortgage Revenue Bonds
Series 2023 B
8/22/2023
Aaa | AA+ | NR | NR
Non-AMT
$200,000,000
Optional call in 01/01/2032 @ 100.00

MATURITY	PAR ($MM)	COUPON	YIELD	SPREAD (MMD DAY OF)
1/1/2025	660	5.000	3.350	**+ 6**
7/1/2025	790	5.000	3.360	**+ 16**
1/1/2026	815	5.000	3.410	**+ 27**
7/1/2026	835	5.000	3.440	**+ 37**
1/1/2027	860	5.000	3.460	**+ 46**
7/1/2027	890	5.000	3.520	**+ 56**
1/1/2028	915	5.000	3.560	**+ 61**
7/1/2028	940	5.000	3.590	**+ 66**
1/1/2029	970	5.000	3.630	**+ 71**
7/1/2029	1,000	5.000	3.710	**+ 81**
1/1/2030	1,030	5.000	3.740	**+ 86**
7/1/2030	1,060	5.000	3.790	**+ 91**
1/1/2031	1,090	5.000	3.860	**+ 100**
7/1/2031	1,125	5.000	3.880	**+ 102**
1/1/2032	1,155	5.000	3.920	**+ 104**
7/1/2032	1,190	5.000	3.970	**+ 109**
1/1/2033	1,230	4.150	4.150	**+ 122**
7/1/2033	1,260	4.200	4.200	**+ 125**
1/1/2034	1,290	4.250	4.250	**+ 128**
7/1/2034	1,325	4.300	4.300	**+ 129**
7/1/2038	11,930	4.400	4.400	**+ 95**
7/1/2043	18,950	4.800	4.800	**+ 112**
7/1/2048	24,960	5.200	4.900	**+ 105**
			102.010	
7/1/2053	33,140	5.250	4.980	**+ 107**
			101.802	
1/1/2054	90,590	6.000	4.430	**+ 153**
			107.918	

***PAC Avg Life 6.00 yrs over range of 100 - 400% PSA @ 6.00% coupon**

Texas Department of Housing and Community Affairs
Single Family Mortgage Revenue Bonds
Series 2023 A
6/6/2023
Aaa | AA+ | NR | NR
Non-AMT
$200,000,000
Optional call in 09/01/2032 @ 100.00

MATURITY	PAR ($MM)	COUPON	YIELD	SPREAD (MMD DAY OF)
9/1/2024	715	5.500	3.220	**+ 16**
3/1/2025	730	5.500	3.220	**+ 22**
9/1/2025	760	5.500	3.220	**+ 30**
3/1/2026	780	5.500	3.220	**+ 38**
9/1/2026	805	5.500	3.220	**+ 42**
3/1/2027	825	5.500	3.220	**+ 50**
9/1/2027	855	5.500	3.220	**+ 51**
3/1/2028	880	5.500	3.220	**+ 55**
9/1/2028	905	5.500	3.260	**+ 60**
3/1/2029	935	5.500	3.320	**+ 68**
9/1/2029	960	5.500	3.370	**+ 73**
3/1/2030	990	5.500	3.420	**+ 85**
9/1/2030	1,020	5.500	3.470	**+ 90**
3/1/2031	1,055	5.500	3.520	**+ 97**
9/1/2031	1,080	5.500	3.570	**+ 102**
3/1/2032	1,115	5.500	3.650	**+ 111**
9/1/2032	1,150	5.500	3.720	**+ 118**
3/1/2033	1,190	3.900	3.900	**+ 132**
9/1/2033	1,220	3.950	3.950	**+ 135**
3/1/2034	1,250	4.000	4.000	**+ 138**
9/1/2034	1,285	4.050	4.050	**+ 139**
3/1/2035	1,320	4.100	4.100	**+ 137**
9/1/2038	10,290	4.350	4.350	**+ 123**
9/1/2043	18,635	4.600	4.600	**+ 132**
9/1/2048	24,840	5.125	4.750	**+ 130**
			102.747	
9/1/2053	33,410	5.250	4.800	**+ 130**
			103.29	
3/1/2054	91,000	5.750	4.140	**+ 148**
			108.233	

***PAC Avg Life 6.00 yrs over range of 100 - 400% PSA @ 5.75% coupon**

Texas Department of Housing and Community Affairs
Residential Mortgage Revenue Bonds
Series 2023 A
3/1/2023
Aaa | AA+ | NR | NR
Non-AMT
$230,000,000
Optional Call in 7/1/2032 @ 100.00

MATURITY	PAR ($MM)	COUPON	YIELD	SPREAD (MMD DAY OF)
7/1/2024	990	3.200	3.200	**+ 19**
1/1/2025	1,010	3.200	3.200	**+ 24**
7/1/2025	1,035	3.150	3.150	**+ 20**
1/1/2026	1,060	3.150	3.150	**+ 37**
7/1/2026	1,085	3.125	3.125	**+ 35**
1/1/2027	1,110	3.200	3.200	**+ 51**
7/1/2027	1,135	3.250	3.250	**+ 56**
1/1/2028	745	5.500	3.200	**+ 62**
7/1/2028	760	5.500	3.250	**+ 67**
1/1/2029	775	5.500	3.300	**+ 72**
7/1/2029	790	5.500	3.350	**+ 77**
1/1/2030	805	5.500	3.400	**+ 82**
7/1/2030	820	5.500	3.440	**+ 86**
1/1/2031	840	5.500	3.480	**+ 90**
7/1/2031	855	5.500	3.530	**+ 95**
1/1/2032	875	5.500	3.570	**+ 99**
7/1/2032	890	5.500	3.620	**+ 104**
1/1/2033	1,425	3.850	3.850	**+ 126**
7/1/2033	1,460	3.900	3.900	**+ 129**
1/1/2034	1,495	3.950	3.950	**+ 130**
7/1/2034	1,530	4.000	4.000	**+ 129**
1/1/2035	1,565	4.050	4.050	**+ 127**
1/1/2038	10,300	4.300	4.300	**+ 109**
1/1/2043	21,305	4.700	4.700	**+ 132**
1/1/2048	28,140	5.125	4.890	**+ 138**
			101.724	
1/1/2053	37,505	5.250	4.940	**+ 138**
			102.272	
7/1/2053	109,695	5.500	4.020	**+ 144**
			107.563	

***PAC Avg Life 6.00 yrs over range of 100 - 400% PSA @ 5.50% coupon**

4. Order Book

Orders and Allotments by Maturity											
		Texas Retail		National Retail		Institutional		Stock		Total	
Maturity	Par Amount ($MM)	Orders	Allotments	Orders	Allotments	Orders	Allotments	Orders	Allotments	Orders	Allotments
1/1/2027	995	-	-	400	400	-	-	-	595	400	995
7/1/2027	1,025	1,025	-	200	200	265	825	-	-	1,490	1,025
1/1/2028	1,060	1,060	-	-	-	1,060	1,060	-	-	2,120	1,060
7/1/2028	1,090	1,090	-	770	545	1,090	545	-	-	2,950	1,090
1/1/2029	1,130	1,130	565	-	-	1,130	565	-	-	2,260	1,130
7/1/2029	1,170	-	-	150	150	1,170	1,020	-	-	1,320	1,170
1/1/2030	1,205	100	100	-	-	1,740	1,105	1,205	-	3,045	1,205
7/1/2030	1,245	100	100	2,815	1,145	-	-	1,245	-	4,160	1,245
1/1/2031	1,285	55	65	110	100	-	-	1,285	1,120	1,450	1,285
7/1/2031	1,325	100	100	1,055	1,055	-	-	1,325	170	2,480	1,325
1/1/2032	1,370	300	300	-	-	1,370	1,070	1,370	-	3,040	1,370
7/1/2032	1,415	-	-	725	725	1,415	690	1,415	-	3,555	1,415
1/1/2033	1,460	1,460	1,310	150	150	-	-	-	-	1,610	1,460
7/1/2033	1,505	-	-	1,220	755	1,505	750	-	-	2,725	1,505
1/1/2034	1,555	-	-	250	250	1,405	1,305	-	-	1,655	1,555
7/1/2034	1,605	-	-	200	200	1,405	1,405	-	-	1,605	1,605
1/1/2035	1,655	1,655	1,655	160	-	-	-	-	-	1,815	1,655
7/1/2035	1,710	100	100	3,080	1,610	-	-	250	-	3,430	1,710
1/1/2036	1,765	-	-	-	-	2,015	1,765	-	-	2,015	1,765
7/1/2036	1,825	-	-	2,350	1,825	-	-	-	-	2,350	1,825
1/1/2037	1,885	-	-	-	-	1,885	1,885	-	-	1,885	1,885
7/1/2037	1,945	200	-	1,225	1,425	-	-	-	520	1,425	1,945
7/1/2040	13,070	375	300	8,250	6,235	14,770	6,535	1,000	-	24,395	13,070
7/1/2045	28,225	-	-	1,855	1,855	26,900	26,370	3,000	-	31,755	28,225
7/1/2050	38,855	100	-	650	750	88,500	38,105	44,250	-	133,500	38,855
7/1/2055	53,490	620	250	4,305	4,675	83,750	48,565	54,250	-	142,925	53,490
1/1/2056	85,135	-	-	-	-	85,135	85,135	5,000	-	90,135	85,135
Total	**250,000**	**9,470**	**4,845**	**29,920**	**24,050**	**316,510**	**218,700**	**115,595**	**2,405**	**471,495**	**250,000**

Orders and Allotments by Manager										
	Texas Retail		National Retail		Institutional		Stock		Total	
Syndicate Member	Orders	Allotments	Orders	Allotments	Orders	Allotments	Orders	Allotments	Orders	Allotments
Jefferies	4,495	3,780	17,110	11,890	305,615	210,180	-	2,405	327,220	228,255
RBC	3,175	-	400	400	8,110	6,760	37,500	-	49,185	7,160
Morgan Stanley	850	400	4,135	4,305	-	-	37,845	-	42,830	4,705
JP Morgan	450	365	1,870	1,855	-	-	10,000	-	12,320	2,220
Loop Capital	-	-	100	45	-	-	10,000	-	10,100	45
Piper Sandler	-	-	3,800	3,030	2,785	1,760	10,000	-	16,585	4,790
Ramirez & Co.	-	-	200	200	-	-	10,000	-	10,200	200
Wells Fargo	500	300	2,305	2,325	-	-	250	-	3,055	2,625
Total	**9,470**	**4,845**	**29,920**	**24,050**	**316,510**	**218,700**	**115,595**	**2,405**	**471,495**	**250,000**

Allotments per Syndicate Member																		
		Jefferies		RBC		Morgan Stanley		JP Morgan		Loop Capital		Piper Sandler		Ramirez & Co.		Wells Fargo		Total Allotments
Maturity	Par Amount ($MM)	Allotments	%	Allotments	%	Allotments	%	Allotments	%	Allotments	%	Allotments	%	Allotments	%	Allotments	%	
1/1/2027	995	595	60%	-	-	400	40%	-	-	-	-	-	-	-	-	-	-	995
7/1/2027	1,025	825	80%	-	-	-	-	-	-	-	-	200	20%	-	-	-	-	1,025
1/1/2028	1,060	1,060	100%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,060
7/1/2028	1,090	945	87%	-	-	-	-	-	-	-	-	145	13%	-	-	-	-	1,090
1/1/2029	1,130	1,130	100%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,130
7/1/2029	1,170	1,020	87%	-	-	-	-	-	-	-	-	150	13%	-	-	-	-	1,170
1/1/2030	1,205	1,105	92%	-	-	-	-	100	8%	-	-	-	-	-	-	-	-	1,205
7/1/2030	1,245	900	72%	-	-	100	8%	100	8%	45	4%	100	8%	-	-	-	-	1,245
1/1/2031	1,285	1,120	87%	-	-	-	-	65	5%	-	-	-	-	100	8%	-	-	1,285
7/1/2031	1,325	225	17%	-	-	-	-	100	8%	-	-	900	68%	100	8%	-	-	1,325
1/1/2032	1,370	-	-	-	-	300	22%	-	-	-	-	1,070	78%	-	-	-	-	1,370
7/1/2032	1,415	25	2%	-	-	-	-	-	-	-	-	1,390	98%	-	-	-	-	1,415
1/1/2033	1,460	1,310	90%	-	-	-	-	150	10%	-	-	-	-	-	-	-	-	1,460
7/1/2033	1,505	970	64%	-	-	-	-	-	-	-	-	535	36%	-	-	-	-	1,505
1/1/2034	1,555	100	6%	1,205	77%	-	-	250	16%	-	-	-	-	-	-	-	-	1,555
7/1/2034	1,605	-	-	1,405	88%	-	-	-	-	-	-	200	12%	-	-	-	-	1,605
1/1/2035	1,655	1,655	100%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,655
7/1/2035	1,710	1,335	78%	-	-	100	6%	175	10%	-	-	100	6%	-	-	-	-	1,710
1/1/2036	1,765	-	-	1,765	100%	-	-	-	-	-	-	-	-	-	-	-	-	1,765
7/1/2036	1,825	1,400	77%	-	-	25	1%	-	-	-	-	-	-	-	-	400	22%	1,825
1/1/2037	1,885	-	-	1,885	100%	-	-	-	-	-	-	-	-	-	-	-	-	1,885
7/1/2037	1,945	1,220	63%	-	-	25	1%	-	-	-	-	-	-	-	-	700	36%	1,945
7/1/2040	13,070	11,845	91%	500	4%	250	2%	175	1%	-	-	-	-	-	-	300	2%	13,070
7/1/2045	28,225	26,415	94%	300	1%	665	2%	645	2%	-	-	-	-	-	-	200	1%	28,225
7/1/2050	38,855	38,605	99%	-	-	230	1%	20	0%	-	-	-	-	-	-	-	-	38,855
7/1/2055	53,490	49,315	92%	100	0%	2,610	5%	440	1%	-	-	-	-	-	-	1,025	2%	53,490
1/1/2056	85,135	85,135	100%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	85,135
Total	**250,000**	**228,255**		**7,160**		**4,705**		**2,220**		**45**		**4,790**		**200**		**2,625**		**250,000**

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Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 26-001 **Agenda Date:** 10/9/2025 **Agenda #:** 16.

Presentation, discussion, and possible action regarding resolution no. 26-001 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; 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.

RECOMMENDED ACTION

Adopt Resolution

BACKGROUND

On October 10, 2024, the Board approved Resolution 25-004, which authorized the issuance during the Department's fiscal year ending in 2025 of single-family mortgage revenue bonds in a maximum aggregate amount not to exceed $1,100,000,000 in various series from time to time under one of the Department's single family bond indentures. Such resolution delegated final approval for the sale of any individual issue of bonds to an Authorized Representative of the Department, subject to a determination by the Authorized Representative that the issue was in the best interests of the Department and in compliance with the parameters outlined in the resolution.

With this item, the Department seeks Board approval of Resolution 26-001 ("Resolution") to authorize the issuance during FYE 2026 of single-family mortgage revenue bonds ("Bonds") in a maximum amount not to exceed $1,100,000,000 in various series from time to time. Proceeds of the Bonds will be used to purchase Ginnie Mae mortgage-backed securities (MBS) backed by tax-exempt eligible mortgage loans, to pay all or a portion of the costs of issuance related to the Bonds, and to finance a portion of the down payment assistance, lender compensation, and second loan servicing fees related to the underlying mortgage loans and/ or to refund other outstanding bonds of the Department issued under the indentures. Depending on market conditions, proceeds of the Bonds may be invested in a Guaranteed Investment Contract (GIC) until expended.

As with Resolution 25-004, the Resolution delegates final approval by an Authorized Representative of the Department, subject to a determination by the Authorized Representative that the issue is in the best interests of the Department and in compliance with the parameters outlined in the Resolution. Such parameters will require that (i) the total amount of all Bonds issued not exceed $1.1 billion; (ii) the maturity date of any series of Bonds not exceed 40 years from their date of delivery; (iii) the net effective interest rate on any series of Bonds not exceed the maximum allowable under state law (currently 12%); and (iv) that the purchase price of the Bonds not exceed 108% or be less than 95% of the principal amount. Additionally, any refunding shall require a showing of at least 3% savings compared to the debt service requirements of the refunded bonds. The Authorized Representative may also determine whether to issue the Bonds as fixed rate or variable rate.

The Department will take cautious approach to issuance in 2026 as the housing market in Texas has slowed and appears to have limited momentum going forward. The market must adapt to persistent affordability constraints and fluctuating demand across regions. The mildly stagnated market led to lower than usual issuance in FY 2025, where the Department issued $675 million in MRBs. Recognizing continued challenges with affordability, the Department has

shifted towards issuing 100% tax-exempt deals to provide the lowest possible rates to first-time Texas homebuyers and veterans.

The Fed recently cut the Fed Funds rate by 25 basis points and is projected to continue easing into 2026. The mortgage rate outlook suggests a gradual decline in 30-Year fixed mortgage rates. Fannie Mae forecasts suggest rates around 6.4% by the end of 2025, and 5.9% by late 2026.

The yield curve has normalized, introducing negative carry back into our transactions from issuance date until funds are fully expended. As such, the Department intends to build pipeline ahead of deals and possibly issue in smaller amounts with increased frequency. This approach is facilitated by the flexibility provided through the Board's approval of the Resolution.

The $1.1 billion maximum bond amount will provide the Department with adequate capacity while maintaining need flexibility to adapt to market conditions.

This annual "not to exceed" issuance approval provides several benefits to the Department, including:

1. Increased flexibility on timing of issuance to take advantage of market opportunities and changes in interest rates.

2. Enable the Department to better manage market risk and non-issuance exposure.

3. Continue to provide borrowers with continuous access to TDHCA bond-funded mortgage loans.

Department Contribution

The contribution by the Department for any series of bonds issued under the Resolution will not exceed $10 million, which will to 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 Bonds. The contribution will be funded from amounts on deposit in the respective indenture. The Resolution will additionally authorize capitalized interest of up to $10 million may be paid from the respective 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 in the Resolution.

Summary

Staff will continue to work with the Department's financing team to ensure the economic viability of the Bonds. Depending on market conditions and other factors, the actual amount of Bonds issued may be less than the maximum approved by the Board.

RESOLUTION NO. 26-001

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, Residential Mortgage Revenue Bonds, Taxable Series 2024D, Residential Mortgage Revenue and Refunding Bonds, Series 2025A, Residential Mortgage Revenue and Refunding Bonds, Series 2025B, Residential Mortgage Revenue Bonds, Taxable Series 2025C, and Residential Mortgage Revenue and Refunding Bonds, Series 2025D.

"*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 8, 2026. 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[5][6] ____, or Single Family Mortgage Revenue Bonds, 202[5][6] 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 Deputy Executive Director – Housing 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 8, 2026.

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 9th day of October, 2025.

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

[NUMBER] 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

$[PRINCIPAL]
RESIDENTIAL MORTGAGE REVENUE [REFUNDING] BONDS,
SERIES 202[5][6] [__]

Dated as of [DOC DATE]

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[NUMBER] SUPPLEMENTAL RESIDENTIAL MORTGAGE REVENUE BOND TRUST INDENTURE

THIS [NUMBER] SUPPLEMENTAL RESIDENTIAL MORTGAGE REVENUE BOND TRUST INDENTURE, dated as of [DOC DATE] (together with any amendments hereto, this "202[5][6] [__] 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, the Department is authorized under the Act and Chapter 1207, Texas Government Code, as amended, to issue bonds to refund its outstanding obligations and is authorized under the Indenture to issue bonds to refund Bonds issued under the Indenture; and

WHEREAS, Section 1207.002, Texas Government Code, as amended, authorizes the Department to issue refunding bonds to refund all or any part of the Department's outstanding bonds, notes or other general or special obligations; 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, pursuant to the Act and Chapter 1371, Texas Government Code, as amended ("Chapter 1371"),] the Department has determined to issue its Residential Mortgage Revenue [Refunding] Bonds, Series 202[5][6] [__] in an aggregate principal amount of $[PRINCIPAL] (the "Series 202[5][6] [__] Bonds") pursuant to the Indenture and this 202[5][6] [__] Series Supplement [(i) to obtain funds to acquire 202[5][6] [__] 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 202[5][6] [__] Mortgage Loans, [to repay and/or refund Repaid FHLB Advances (as hereinafter defined)]; [(ii) to make deposits in amounts, if any, required by the Indenture to be paid into one or more Funds from the proceeds of the Series 202[5][6] [__] Bonds;] and (iii) to pay a portion of Costs of Issuance][to refund its Outstanding Residential Mortgage Revenue Bonds, Series [_____] ([collectively,]the "Refunded Bonds")] all under and in accordance with the Constitution and the laws of the State; and

[WHEREAS, concurrently with the execution of this 202[5][6] [__] Series Supplement, the Department and the Trustee are also entering into that certain [NUMBER] Supplemental Residential Mortgage Revenue Bond Trust Indenture of even date herewith (together with any amendments thereto, the "202[5][6] [__] Series Supplement") by and between the Department and the Trustee, pursuant to which the Department intends to issue its Residential Mortgage Revenue [Refunding] Bonds, [Taxable] Series 202[5][6] [__] (the "Series 202[5][6] [__] Bonds", and together with the Series 202[5][6] [__] Bonds, the "Series 202[5][6][__] Bonds") for the purposes described in the 202[5][6] [__] Series Supplement; and]

WHEREAS, the execution and delivery of this 202[5][6] [__] Series Supplement and the issuance of the Series 202[5][6] [__] 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 202[5][6] [__] 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 202[5][6] [__] Series Supplement have happened, exist and have been performed as so required in order to make the Indenture, as supplemented by this 202[5][6] [__] Series Supplement, a valid, binding and legal instrument for the security of the Series 202[5][6] [__] 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 202[5][6] [__] 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 202[5][6] [__] 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 202[5][6] [__] Bonds, as follows:

ARTICLE I

DEFINITIONS, STATUTORY AUTHORITY AND PLEDGE OF SECURITY

Section 1.1. Supplemental Indenture. This 202[5][6] [__] Series Supplement is supplemental to, and is adopted in accordance with, Article III and Article X of the Indenture.

Section 1.2. Definitions.

1. Unless defined in subsection (2) 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 202[5][6] [__] Series Supplement (other than in the form of Series 202[5][6] [__] Bond set forth in Exhibit A hereto) as such defined terms are given in Section 101 of the Indenture.

2. As used in this 202[5][6] [__] Series Supplement (other than in the form of Series 202[5][6] [__] 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 202[5][6] [__] Bonds created and established in Section 2.9 of this 202[5][6] [__] Series Supplement.

"Advances" means advances made to the Department by the Federal Home Loan Bank pursuant to the FHLB Agreement.

"Assisted Mortgage Loans" shall mean 202[5][6] [__] 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 of the Department, the Executive Director of the Department, the Director of Administration of the Department, the Director of Financial Administration of the Department, the Deputy Executive Director of Housing Finance of the Department, and the Secretary or any Assistant Secretary to the Board] or any officer or employee 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 202[5][6] [__] Mortgage Certificate by the Trustee which represents the number of days of interest on such 202[5][6] [__] 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 202[5][6] [__] 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 [_____], in accordance with Section 5.2 of this 202[5][6] [__] Series Supplement.

"Chapter 1371" has the meaning given to such term in the recitals hereto.

"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)(l)(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 [_____] 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 202[5][6] [__] 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.

"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 a 202[5][6] [__] 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 202[5][6] [__] 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 202[5][6] [__] Bonds or other customary exceptions acceptable to the recipient thereof).

"FHLB Agreement" means the Advances and Security Agreement, dated November 1, 2016, by and between the Department and the Federal Home Loan Bank of Dallas, as amended, and the side letters executed pursuant thereto.

"Final Computation Date" shall mean the date on which final payment in full of the Series 202[5][6] [__] 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 202[5][6] [__] 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.

"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 202[5][6] [__] 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.

[NEW MONEY]"Interest Payment Date" shall mean, with respect to the Series 202[5][6] [__] Bonds, each July 1 and January 1, commencing [INITIAL INTEREST DATE], and any other date on which the Series 202[5][6] [__] Bonds are subject to redemption.

[REFUNDING]"Interest Payment Date" shall mean, with respect to the Series 202[5][6] [__] Bonds, the first day of each month, commencing [INITIAL INTEREST DATE], and any other date on which the Series 202[5][6] [__] 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 [CLOSING DATE], the date of initial issuance and delivery of the Series 202[5][6] [__] Bonds to the Underwriters, as initial purchasers thereof, in exchange for payment of the purchase price of the Series 202[5][6] [__] Bonds.

"Letter of Instructions" shall mean, with respect to the Series 202[5][6] [__] 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.

[NEW MONEY]"Mortgage Loan Principal Payment" shall mean, with respect to any 202[5][6] [__] 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 202[5][6] [__] Mortgage Loan.

[REFUNDING]"Mortgage Loan Principal Payments" shall mean all Mortgage Loan Principal Prepayments and all regularly scheduled payments of principal with respect to all Mortgage Loans included in the [____] Transferred Mortgage Certificates.

"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 202[5][6] [__] Bonds.

"Optional Redemption Date" shall mean [OPTIONAL REDEMPTION DATE].

"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 202[5][6] [__] Mortgage Certificate, which will equal the mortgage rate of the 202[5][6] [__] Mortgage Loans backing the 202[5][6] [__] Mortgage Certificate less servicing and guaranty fees, which fees are retained by the Servicer.

"Paying Agent" shall mean the Trustee.

"Pricing Certificate" means the certificate dated [_____], setting forth the final terms for the Series 202[5][6] [__] Bonds, executed by an Authorized Representative in accordance with the Resolution.

"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 February 21, 2025, 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 202[5][6] [__] 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 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.

"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 202[5][6] [__] Bond, the principal amount thereof, plus the applicable premium, if any, payable upon redemption thereof pursuant to such Series 202[5][6] [__] Bond or the Indentures.

["Refunded Bonds" shall mean all of the Department's Outstanding Residential Mortgage Revenue Bonds, Series [_____].]

"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.

"Repaid FHLB Advances" means the particular Advances specified in the Pricing Certificate.

"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 [REPRESENTATIVE].

"Resolution" means Resolution No. [_____] authorizing the Bonds, as the same may be amended from time to time in accordance with the terms thereof.

"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 202[5][6] [__] 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 202[5][6] [__] Mortgage Certificates and all other net proceeds of such 202[5][6] [__] 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 202[5][6] [_][_] Bonds" has the meaning given to such term in the recitals hereto.

"Series 202[5][6] [__] Supplement" has the meaning given to such term in the first paragraph hereof.

"Servicer" shall mean (i) TMS, 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 TMS, the Servicing Agreement dated as of December 30, 2024, by and between the Department and TMS; 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 202[5][6] [__] Bonds subject to scheduled mandatory redemption on the respective redemption dates set forth in Section 2.7.4 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 202[5][6] [__] 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 202[5][6] [__] 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 202[5][6] [__] Bond is discharged.

"TMS" shall mean The Money Source, Inc., a licensed lender and loan servicer.

"Transferred Proceeds" shall mean the amounts described in Section 1.148-9 of the Regulations.

"202[5][6] [__] Administrative Subaccount" shall mean the 202[5][6] [__] Administrative Subaccount established within the 202[5][6] [__] Mortgage Loan Account pursuant to Section 2.9(1)(c)(2) hereof.

"202[5][6] [__] Bond Proceeds Fund" shall mean the 202[5][6] [__] Bond Proceeds Fund established pursuant to Section 2.9(1)(a) hereof.

"202[5][6] [__] Capitalized Interest Subaccount" shall mean the 202[5][6] [__] Capitalized Interest Subaccount established within the 202[5][6] [__] Revenue Account pursuant to Section 2.9(1)(d) hereof.

"202[5][6] [__] Cost of Issuance Account" shall mean the 202[5][6] [__] Costs of Issuance Account established within the Cost of Issuance Fund pursuant to Section 2.9 hereof.

"202[5][6] [__] Down Payment Assistance Subaccount" shall mean the 202[5][6] [__] Down Payment Assistance Subaccount established within the 202[5][6] [__] Mortgage Loan Account pursuant to Section 2.9(1)(c)(1) hereof.

"202[5][6] [__] Expense Account" shall mean the 202[5][6] [__] Expense Account established within the Expense Fund pursuant to Section 2.9 hereof.

"202[5][6] [__] Interest Account" shall mean the 202[5][6] [__] Interest Account established within the Interest Fund pursuant to Section 2.9 hereof.

"202[5][6] [__] Mortgage Certificates" shall mean the proportionate interests in the 202[5][6] [__] Mortgage Certificates purchased by the Trustee on the Issuance Date and on any future date from amounts on deposit in the 202[5][6] [__] Mortgage Loan Account.

"202[5][6] [__] Mortgage Loan Account" shall mean the 202[5][6] [__] Mortgage Loan Account established within the Mortgage Loan Fund pursuant to Section 2.9 hereof.

"202[5][6] [__] Mortgage Loans" shall mean the Mortgage Loans included in each Mortgage Pool represented by a 202[5][6] [__] Mortgage Certificate.

"202[5][6] [__] Principal Account" shall mean the 202[5][6] [__] Principal Account established within the Principal Fund pursuant to Section 2.9 hereof.

"202[5][6] [__] Rebate Fund" shall mean the 202[5][6] [__] Rebate Fund established pursuant to Section 2.9(1)(b) hereof.

"202[5][6] [__] Residual Revenues Account" shall mean the 202[5][6] [__] Residual Revenues Account established within the Residual Revenues Fund pursuant to Section 2.9 hereof.

"202[5][6] [__] Revenue Account" shall mean the 202[5][6] [__] Revenue Account established within the Revenue Fund pursuant to Section 2.9 hereof.

"202[5][6] [__] Special Redemption Account" shall mean the 202[5][6] [__] Special Redemption Account established within the Special Redemption Fund established to Section 2.9 hereof.

"202[5][6][_][_] 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 the 202[5][6] [__] Series Supplement and are pledged by the Department to the Trustee pursuant to the Indenture, this 202[5][6] [__] Series Supplement and the 202[5][6] [__] Series Supplement, as described in any Letter of Instructions to the Trustee described in Section 2.15(2) hereof and the 202[5][6] [__] Series Supplement.

"[_____] Transferred Mortgage Certificates" shall mean the Mortgage Certificates allocated to the [_____] Mortgage Loan Account as described in Exhibit B hereto.

"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 202[5][6] [__] Bonds, yield as determined in accordance with Section 143(g)(2)(C) of the Code and (ii) with respect to the 202[5][6] [__] 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 202[5][6] [__] Series Supplement. This 202[5][6] [__] 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.

1. For all purposes of this 202[5][6] [__] 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 202[5][6] [__] Series Supplement.

2. Except where the context otherwise requires, terms defined in this 202[5][6] [__] Series Supplement to impart the singular number shall be considered to include the plural number and vice versa.

3. 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.

4. This 202[5][6] [__] 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 202[5][6] [__] 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 202[5][6] [__] 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 202[5][6] [__] 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 202[5][6] [__] 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 202[5][6] [__] 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 202[5][6] [__] Series Supplement. Nothing in this 202[5][6] [__] 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 202[5][6] [__] Series Supplement.

Section 1.11. Governing Law. This 202[5][6] [__] 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 202[5][6] [__] Mortgage Certificates, all amounts that may be received with respect to the DPA Loans and the 202[5][6] [__] Mortgage Certificates and the Ginnie Mae Guaranty Agreement, any right of the Department under any Ginnie Mae Guaranty Agreement with respect to the 202[5][6] [__] 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 202[5][6] [__] Mortgage Certificates, to bring actions and proceedings under the DPA Loans and the 202[5][6] [__] 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 202[5][6] [__] Mortgage Certificates, and the holders of the Bonds are by such pledge and assignment afforded a beneficial interest in such DPA Loans and the 202[5][6] [__] Mortgage Certificates.

ARTICLE II

AUTHORIZATION AND TERMS OF SERIES 202[5][6] [__] 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 202[5][6] [__] Series Supplement, a Series of Bonds is hereby authorized to be issued in the original aggregate principal amount of $[PRINCIPAL]. Each Bond of this Series of Bonds shall be entitled "Texas Department of Housing and Community Affairs Residential

Mortgage Revenue Bond, Series 202[5][6] [__].” The terms of the Series 202[5][6] [__] Bonds shall be as set forth in Article III of the Indenture and this Article II.

Section 2.2. Purposes. The Series 202[5][6] [__] Bonds are issued in accordance with subsection 1(3)(b) of Section 302 of the Indenture for the purpose of [(i) acquiring Mortgage Loans or participations therein, through the purchase of 202[5][6] [__] Mortgage Certificates, including funding loans for down payment and closing cost assistance with respect to Assisted Mortgage Loans and paying lender compensation related to the 202[5][6] [__] Mortgage Loans[, repaying and/or refunding the Repaid FHLB Advances, thereby making funds available to acquire Mortgage Loans, or participations therein, through the purchase of the 202[5][6] [__] Mortgage Certificates]; [(ii) the making of deposits in amounts, if any, required by the Indenture to be paid into one or more Funds from the proceeds of the Series 202[5][6] [__] Bonds;] and (iii) the payment of Costs of Issuance][refunding the Refunded Bonds.]

Section 2.3. Registered Bonds Only, Dates, Denominations, Numbers, and Letters.

1. The Series 202[5][6] [__] 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.

2. The Series 202[5][6] [__] 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 202[5][6] [__] Bonds shall be dated as of the Issuance Date.

3. The Series 202[5][6] [__] Bonds shall be issued in the Authorized Denominations.

4. Unless the Department shall direct otherwise, each Series 202[5][6] [__] Bond within a maturity of the Series 202[5][6] [__] Bonds shall be lettered and numbered separately from 00001 upward prefixed by the letters R, 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 TR-1.

Section 2.4. Interest Payment Dates, Interest Rates and Maturities of the Series 202[5][6] [__] Bonds. The Series 202[5][6] [__] 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 202[5][6] [__] 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 202[5][6] [__] 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

[INSERT VARIABLE RATE PROVISIONS, AS APPLICABLE]

Section 2.5. Paying Agent; Method and Place of Payment.

1. The Trustee is hereby appointed as Paying Agent for the Series 202[5][6] [__] Bonds and the Trustee hereby accepts such appointment. The principal amount and Redemption Price of the Series 202[5][6] [__] 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 202[5][6] [__] Bond shall be payable by check mailed on the Interest Payment Date to the Person in whose name such Series 202[5][6] [__] 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 or Redemption Price of and interest on the Series 202[5][6] [__] 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 202[5][6] [__] Bonds as permitted by the Indenture.

2. Notwithstanding the foregoing, for so long as the Bond Depository is the exclusive Holder of the Series 202[5][6] [__] Bonds and for Holders of not less than $1,000,000 in aggregate principal amount of the Series 202[5][6] [__] Bonds, and except for the final payment of principal of the Series 202[5][6] [__] 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 202[5][6] [__] 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.

1. 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 202[5][6] [__] Bonds. In accordance with the Letter of Representations, the Department shall cause the Series 202[5][6] [__] 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.

2. With respect to Series 202[5][6] [__] 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 202[5][6] [__] Bonds. The Department and the Trustee may treat and consider the registered owner of any Series 202[5][6] [__] Bond as the holder and absolute owner of such Series 202[5][6] [__] Bond for the purpose of payment of the principal and Redemption Price of and interest with respect to such Series 202[5][6] [__] Bond, for the purpose of giving notices of redemption and other matters with respect to such Series 202[5][6] [__] Bond, for the purpose of registering transfers and exchanges with respect to such Series 202[5][6] [__] Bond, and for all other purposes whatsoever. The Trustee shall pay all the principal amount and Redemption Price of and interest on the Series 202[5][6] [__] Bonds only to or upon the order of the respective registered owners of the Series 202[5][6] [__] 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 202[5][6] [__] Bonds, (ii) the delivery to any Depository Participant or any other Person, other than a registered owner of a Series 202[5][6] [__] 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 202[5][6] [__] 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 202[5][6] [__] Bond, of any amount with respect to any Series 202[5][6] [__] Bond. The rights of Depository Participants and Persons on behalf of whom any Depository Participant holds a beneficial interest in Series 202[5][6] [__] Bonds shall be limited to those established by law and agreements between such Depository Participants and other Persons and the applicable Bond Depository.

3. 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 202[5][6] [__] 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 202[5][6] [__] Bonds is not in the best interest of such owners of beneficial interests in the Series 202[5][6] [__] Bonds, then the Department shall direct the Bond Depository to terminate the existing book-entry system for ownership of interests in the Series 202[5][6] [__] 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 202[5][6] [__] Bonds, if one is available satisfactory to the Department, and the ownership of all Series 202[5][6] [__] 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 202[5][6] [__] Bonds,

of the availability of Series 202[5][6] [__] Bonds registered in the names of such Persons as are owners of beneficial interests in the Series 202[5][6] [__] Bonds and, upon surrender to the Trustee of the Outstanding Series 202[5][6] [__] 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 202[5][6] [__] Bonds, in Authorized Denominations, to the owners of beneficial interests in the Series 202[5][6] [__] Bonds as of the date of the termination of the existing book-entry ownership system for the Series 202[5][6] [__] 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 202[5][6] [__] Bonds, all of the Series 202[5][6] [__] Bonds must be held under such book-entry system. Prior to any transfer of the Series 202[5][6] [__] 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 202[5][6] [__] 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.

4. Notwithstanding any other provisions in Article II of this 202[5][6] [__] 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 202[5][6] [__] Bonds shall not be subject to redemption prior to maturity except as follows:

[REDEMPTION PROVISIONS TO COME]

Section 2.8. Notice of Redemption; Selection of Series 202[5][6] [__] Bonds to Be Redeemed.

1. 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 202[5][6] [__] 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 202[5][6] [__] Bonds is conditioned upon moneys being available for such purpose on the redemption date.

2. 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 202[5][6] [__] Bonds receives the notice.

3. Except as specified in Section 2.7.2 and Section 2.7.3 hereof, the Series 202[5][6] [__] Bonds to be redeemed in part shall be selected as provided in Section 404 of the Indenture. While the Series 202[5][6] [__] Bonds are held by the Bond Depository, Series 202[5][6] [__] 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.

1. Pursuant to the provisions of subsection 3 of Section 502 of the Indenture, there is established by this Section 2.9 for the Series 202[5][6] [__] Bonds, an Account in each Fund, except for the Debt Service Reserve Fund 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 "202[5][6] [__] _____ 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 202[5][6] [__] Bonds the following additional Funds, Accounts and Subaccounts:

(a) a temporary Fund to be known and designated as the 202[5][6] [__] Bond Proceeds Fund;

(b) a Fund to be known and designated as the 202[5][6] [__] Rebate Fund;

(c) within the 202[5][6] [__] Mortgage Loan Account, a (1) 202[5][6] [__] Down Payment Assistance Subaccount; and (2) 202[5][6] [__] Administrative Subaccount; and

(d) within the 202[5][6] [__] Revenue Account, a 202[5][6] [__] Capitalized Interest Subaccount.

The Department may also, pursuant to a Letter of Instructions, establish additional Accounts and Subaccounts for such purposes as the Department may determine from time to time.

2. Unless an Event of Default shall have occurred and be continuing, Revenues from the 202[5][6] [__] Mortgage Certificates or from the investment or reinvestment of moneys on deposit in each Account for the Series 202[5][6] [__] 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 to any other Series. The Accounts shall be for the equal benefit of the Holders of all of the Bonds. The segregation of the Accounts as required by this Section 2.9 is for the purpose of making the calculations required by Sections 143(g) and 148 of the Code, and is not for the purpose of giving a priority or preference to the Bonds of one Series over that of another Series. Except as provided in this Section, the Revenues and proceeds of a Series shall continue to be used as provided in Article V of the Indenture.

Section 2.10. Initial Deposits and Transfers into Funds, Accounts and Subaccounts. On the Issuance Date, as shall be more fully set forth in a Letter of Instructions, the Trustee shall deposit the proceeds of the Series 202[5][6] [__] Bonds into the 202[5][6] [__] Bond Proceeds Fund. There shall be transferred from the 202[5][6] [__] Bond Proceeds Fund the amounts specified in a Letter of Instructions authorizing the authentication and delivery of the Series 202[5][6] [__] Bonds, for deposit to the Funds, Accounts and Subaccounts specified therein. After completion of such transfers, the 202[5][6] [__] Bond Proceeds Fund shall be closed. After payment of all costs, any funds remaining in the 202[5][6] [__] Cost of Issuance Account shall be transferred to the Residual Revenues Fund pursuant to a Letter of Instructions from the Department.

Section 2.11. Transfer of and Representations and Covenants Relating to [_____] Transferred Mortgage Certificates. All [_____] Transferred Mortgage Certificates are hereby allocated to the [_____] Mortgage Loan Account. The Department represents and covenants that each of the [_____] Transferred Mortgage Certificates is a Mortgage Loan that, at the date of acquisition, met the requirements set forth in Section 705 of the Indenture.

Section 2.12. Form of Series 202[5][6] [__] Bonds. (a) Each Series 202[5][6] [__] Bond shall be in substantially the form and tenor of Exhibit A attached hereto, which Exhibit A is incorporated herein as if fully set forth in this 202[5][6] [__] Series Supplement, with such omissions, insertions, and variations as permitted or required by the Indenture. The registration certificate of the Comptroller of Public Accounts of the State of Texas and the certificate of authentication of the Trustee shall be in the form set forth in Exhibit A. The Department is hereby authorized, in its discretion, to provide for the assignment of CUSIP numbers for the Series 202[5][6] [__] Bonds and to have such CUSIP numbers printed thereon, and the Department may direct the Trustee to use such CUSIP numbers in notices of redemption, provided that any such notice may state that no representation is made by the Trustee or the Department as to the correctness of such CUSIP number either as printed on the Series 202[5][6] [__] Bonds or as contained in any notice of redemption. There may be printed on or attached to each Series 202[5][6] [__] Bond registered in the name of the Bond Depository a schedule for the purpose of notation by the Bond Depository of the portion of the principal amount thereof which shall have been paid and the portion of the principal amount thereof which remains Outstanding and unpaid.

(b) Notwithstanding the foregoing, the Initial Bond shall be in the form set forth in Exhibit A, with the following modifications:

(i) Immediately under the name of the bond issue and the legends, the existing headings shall be omitted and replaced with the following headings:

"No. TR-1 Dated Date: [CLOSING DATE] $[PRINCIPAL]

Registered Owner: [REPRESENTATIVE]

Principal Amount: [_____] MILLION DOLLARS"

(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 [INITIAL INTEREST DATE], 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:

[Insert maturity schedule from Section 2.4 of the 202[5][6] [__] Series Supplement]

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 2.13. 202[5][6] [__] Rebate Fund.

1. 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 202[5][6] [__] Rebate Fund to make the payment required by Section 4.6.1(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 202[5][6] [__] Rebate Fund from the Revenue Fund and the Trustee shall transfer from the 202[5][6] [__] Revenue Account to the 202[5][6] [__] 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 202[5][6] [__] Rebate Fund to the 202[5][6] [__] Revenue Account the amount then on deposit in the 202[5][6] [__] Rebate Fund.

2. All earnings resulting from the investment of amounts on deposit in the 202[5][6] [__] Rebate Fund shall be credited to the 202[5][6] [__] Rebate Fund.

3. No later than 55 day after each Computation Date for the Series 202[5][6] [__] 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 202[5][6] [__] Bonds, the Trustee shall withdraw from the 202[5][6] [__] Rebate Fund the amounts described in Section 4.6.1(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.

4. 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 202[5][6] [__] 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.

5. 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 202[5][6] [__] Bonds.

Section 2.14. Transfers from 202[5][6] [__] 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 202[5][6] [__] Bonds, to the extent funds are not available in the 202[5][6] [__] Revenue Account to pay interest or principal due on the Series 202[5][6] [__] Bonds, the Trustee shall transfer from the 202[5][6] [__] Residual Revenues Account to the 202[5][6] [__] Interest Account or the 202[5][6] [__] 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 202[5][6] [__] Bonds on such date.

Section 2.15. 202[5][6] [__] Mortgage Loan Account. The 202[5][6] [__] 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, 202[5][6] [__] Mortgage Certificates. On [_____], unless the Certificate Purchase Period is extended in accordance with Section 5.2 hereof, unexpended proceeds of the Series 202[5][6] [__] Bonds shall be transferred from 202[5][6] [__] Mortgage Loan Account to the 202[5][6] [__] Special Redemption Account in accordance with Section 2.7.1 hereof.

Section 2.16. 202[5][6] [__] Mortgage Certificate Acquisition.

1. The Department has determined that the Supplemental Mortgage Security for the 202[5][6] [__] 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 202[5][6] [__] Mortgage Loans shall be accomplished through the purchase of Ginnie Mae Certificates in accordance with the Program Agreement, and no 202[5][6] [__] 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 202[5][6] [__] Mortgage Certificate.

2. 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 202[5][6] [__] Mortgage Loan Account. The Department shall specify the allocation of the 202[5][6] [__] Mortgage Certificates to the Series 202[5][6] [__] Bonds and the Series 202[5][6] [__] Bonds in such Letter of Instructions. The Department shall deliver a copy of each such Letter of Instructions to the Compliance Agent.

3. Each 202[5][6] [__] 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

[REDEMPTION

Section 3.1. Redemption of Refunded Bonds. The Department has instructed the Trustee to redeem the Refunded Bonds.

Section 3.2. Sale of [ ] Transferred Mortgage Certificates. Notwithstanding any other provision of the Indenture, the Department may sell the [ ] Transferred Mortgage Certificates in whole or in part only upon delivery by the Department of 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).]

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 202[5][6] [__] 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 202[5][6] [__] Bonds. The Department and the Trustee may amend this 202[5][6] [__] 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:

1. all of the Proceeds of the Series 202[5][6] [__] Bonds (other than amounts used to pay Costs of Issuance of the Series 202[5][6] [__] Bonds) will be used to (i) finance owner-occupied residences [or (ii) repay Advances within 90 days of the Issue Date of the Series 202[5][6] [__] Bonds];

2. the Proceeds of the Series 202[5][6] [__] Bonds will not be used in a way that would cause the Series 202[5][6] [__] Bonds to meet the private business use tests set forth in Section 141(b) of the Code;

3. all Sale Proceeds of the Series 202[5][6] [__] Bonds and any Investment Proceeds thereon 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 202[5][6] [__] Bonds or (ii) to the extent not so used, will be used to redeem Series 202[5][6] [__] Bonds within such period; and no portion of the Proceeds of the Series 202[5][6] [__] Bonds will be used to finance any 202[5][6] [__] Mortgage Loan or DPA Loan or to acquire any Mortgage Certificate after the close of such period; and

4. [all Transferred Proceeds of the Series 202[5][6] [__] Bonds resulting from the repayment of Advances and any Investment Proceeds thereon 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 earliest Advance or (ii) to the extent not so used, will be used to redeem Series 202[5][6] [__] Bonds within such period, and no portion of such Proceeds of the Series 202[5][6] [__] Bonds will be used to finance any 202[5][6] [__] Mortgage Loan or DPA Loan or to acquire any Mortgage Certificate after the close of such period.]

Section 4.3. Mortgage Eligibility Requirements.

1. The Department covenants: (i) to attempt in good faith to meet, with respect to each 202[5][6] [__] 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 202[5][6] [__] 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 202[5][6] [__] Mortgage Loan meets such requirements; (ii) to use all due diligence to assure that all of the Proceeds of the Series 202[5][6] [__] Bonds that are applied to the financing of 202[5][6] [__] Mortgage Loans are applied to finance 202[5][6] [__] 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 202[5][6] [__] Mortgage Loan to be accelerated or to be replaced with a 202[5][6] [__] Mortgage Loan that meets such requirements if the non-qualifying 202[5][6] [__] 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.

2. The Department covenants to require, and the Program Agreement requires, with respect to each 202[5][6] [__] 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 202[5][6] [__] 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.

3. The Department covenants to require, and the Program Agreement requires, with respect to each 202[5][6] [__] 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 202[5][6] [__] Mortgage Loan, a present ownership interest in a principal residence; provided, however, that (i) the Department may purchase 202[5][6] [__] 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 202[5][6] [__] 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.

4. The Department covenants to require and the Program Agreement requires, with respect to each 202[5][6] [__] 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 202[5][6] [__] 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).

5. The Department covenants to require and the Program Agreement requires, with respect to each 202[5][6] [__] 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).

6. The Department covenants to require and the Program Agreement requires, with respect to each 202[5][6] [__] Mortgage Loan, a certification of the Borrower and other appropriate evidence demonstrating that, in accordance with Section 143(i) of the Code, the 202[5][6] [__] 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 202[5][6] [__] Mortgage Loan at any time prior to the execution of the 202[5][6] [__] 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 202[5][6] [__] 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.

7. The Department covenants to require and the Program Agreement requires, that each 202[5][6] [__] 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 202[5][6] [__] Mortgage Loan.

8. 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 Sale Proceeds of the Series 202[5][6] [__] Bonds and Investment Proceeds thereon that are made available for the purchase of 202[5][6] [__] 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 202[5][6] [__] Mortgage Loans properly allocable under Sections 1.148-1 through 1.148-10 of the Regulations to the Series 202[5][6] [__] Bonds will not exceed the Yield on the Series 202[5][6] [__] 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 202[5][6] [__] Mortgage Loans exceeds the Yield on the Series 202[5][6] [__] 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 "rebatable arbitrage earnings" on the investment of the Gross Proceeds of the Series 202[5][6] [__] Bonds, within the meaning of Section 148(f) of the Code, be rebated to the federal government.

1. 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 202[5][6] [__] Bonds,

(i) a statement, signed by an Authorized Representative of the Department, stating the Rebate Amount for the Series 202[5][6] [__] 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 202[5][6] [__] 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 202[5][6] [__] 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 202[5][6] [__] 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 202[5][6] [__] 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.

2. 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 4.6.1(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 202[5][6] [__] Rebate Fund) and cause the Trustee to pay to the United States of America from the 202[5][6] [__] 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 202[5][6] [__] 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.

3. 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 202[5][6] [__] Bonds or (ii) the first date on which no Series 202[5][6] [__] Bonds is Outstanding.

4. 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.

5. 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 202[5][6] [__] 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 202[5][6] [__] Bonds were not subject to Section 148(f) of the Code.

6. 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 "rebatable 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 202[5][6] [__] 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 202[5][6] [__] Bonds and related Revenues, regulate investments of proceeds of the Series 202[5][6] [__] Bonds and related Revenues, and take such other and further action as may be required so that the Series 202[5][6] [__] 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 202[5][6] [__] Bonds that is invested in Nonpurpose Investments and at a yield higher than the yield on such Series 202[5][6] [__] Bonds, exceed the least of (i) 10% of the Sale Proceeds of the Series 202[5][6] [__] 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 202[5][6] [__] Bonds will not exceed two percent of the Sale Proceeds of the Series 202[5][6] [__] 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 202[5][6] [__] 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 202[5][6] [__] Bonds are issued, an information statement concerning the Series 202[5][6] [__] 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 202[5][6] [__] 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 202[5][6] [__] Bonds. So long as any of the Series 202[5][6] [__] Bonds are Outstanding, the Department covenants that the portion of each Mortgage Loan Principal Payment allocable to the Series 202[5][6] [__] Bonds received on or after the ten year anniversary of the Issuance Date (or, in the case of the portion of a Mortgage Loan Principal Payment related to the 202[5][6] [__] Mortgage Certificates purchased with transferred proceeds of the Series 202[5][6] [__] Bonds, the ten-year anniversary of the date of issuance of the original bond issue) will be used to redeem Series 202[5][6] [__] 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 202[5][6] [__] 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 202[5][6] [__] 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 202[5][6] [__] Bonds will be used to carry out the governmental purposes of the Series 202[5][6] [__] Bonds within the three-year period beginning on the Issuance Date.

Section 4.16. Sale of 202[5][6] [__] Mortgage Certificates. Notwithstanding any other provision of the Indenture, the Department may sell the 202[5][6] [__] 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 202[5][6] [__] Mortgage Certificates, or the Series 202[5][6] [__] 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 202[5][6] [__] Bonds until three years after the last Series 202[5][6] [__] 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 202[5][6] [__] Bonds by the Internal Revenue Service.

Section 4.18. Continuing Obligation. Notwithstanding any other provision of this 202[5][6] [__] Series Supplement, the Department's obligations under the covenants and provisions of this Article IV will survive the defeasance and discharge of the Series 202[5][6] [__] Bonds for as long as such matters are relevant to the excludability of interest on the Series 202[5][6] [__] 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 202[5][6] [__] Mortgage Loan Account remaining unexpended for acquisition of 202[5][6] [__] Mortgage Certificates in such amounts as provided in a Letter of Instructions from the 202[5][6] [__] Mortgage Loan Account to the 202[5][6] [__] Special Redemption Account to be applied to the redemption of Series 202[5][6] [__] Bonds pursuant to Section 2.7.1 hereof. The Certificate Purchase Period for amounts in the 202[5][6] [__] 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 [_____], 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 202[5][6] [__] 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 202[5][6] [__] Revenue Account.

1. 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 202[5][6] [__] Bonds, all Revenues received with respect to the 202[5][6] [__] Mortgage Certificates shall be deposited in the 202[5][6] [__] Revenue Account.

2. [Pursuant to subsection 3 of Section 505 of the Indenture, the Trustee shall set aside monthly in the [_____] Revenue Account, all Mortgage Loan Principal Payments relating to the [_____]Transferred Mortgage Certificates to be used to redeem Series [_____]Bonds in accordance with Section 2.7.1 hereof unless otherwise

directed by a Letter of Instructions accompanied by a Cashflow Statement giving effect to the actions directed in such Letter of Instructions.]

3. [Pursuant to subsection 3 of Section 505 of the Indenture, the Trustee shall transfer from the 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 202[5][6] [__] Bonds, to the 202[5][6] [__] 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 202[5][6] [__] Bonds on such Interest Payment Date or redemption date;

(ii) Second, monthly, upon receipt of Mortgage Loan Principal Payments, to the 202[5][6] [__] 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 202[5][6] [__] Bonds on the next Interest Payment Date; and

(iii) Third, monthly, upon receipt of Mortgage Loan Principal Payments, to the 202[5][6] [__] Special Redemption Account, any remaining Mortgage Loan Principal Payments to be applied monthly to the redemption of Series 202[5][6] [__] Bonds pursuant to Section 2.7.2 hereof.]

Section 5.4. Application of Residual Revenues.

1. [Prior to the date the Series 202[5][6] [__] Bonds are no longer Outstanding, the Trustee shall transfer any amounts as set forth or described in a Letter of Instructions from the 202[5][6] [__] Residual Revenues Account either to (x) the 202[5][6] [__] Special Redemption Account to be used to redeem Series 202[5][6] [__] Bonds in accordance with Section 2.7.3 hereof, or (y) the 202[5][6] [__] Revenue Account to be used to pay Series 202[5][6] [__] Bonds in accordance with Section 5.3(2) of the 202[5][6] [__] Series Supplement.]

2. If no Series 202[5][6] [__] Bonds are Outstanding, the Trustee shall transfer any amounts as set forth or described in a Letter of Instructions from the 202[5][6] [__] Residual Revenues Account to the 202[5][6] [__] Special Redemption Account to redeem Series 202[5][6] [__] Bonds in accordance with Section 2.7.3 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 202[5][6] [__] Mortgage Certificate shall satisfy the following requirements:

(i) each 202[5][6] [__] Mortgage Loan shall bear interest (which interest shall be payable in arrears) at the applicable rate in accordance with the Program Agreement;

(ii) each 202[5][6] [__] 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 202[5][6] [__] Mortgage Loan shall be secured by a Mortgage creating a first lien on the residence being financed with the proceeds of such 202[5][6] [__] Mortgage Loan;

(iv) each 202[5][6] [__] 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 202[5][6] [__] 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 202[5][6] [__] 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 202[5][6] [__] Mortgage Certificate shall be acquired by the Department with moneys disbursed from the 202[5][6] [__] Mortgage Loan Account [and/or 202[5][6] [__] 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 202[5][6] [__] 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 202[5][6] [__] 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 202[5][6] [__] 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 202[5][6] [__] Bonds. The Series 202[5][6] [__] 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 202[5][6] [__] 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 202[5][6] [__] Bonds will be used in a manner that would cause the Series 202[5][6] [__] 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 202[5][6] [__] Series Supplement to be deposited in the Accounts and Subaccounts as required therein.

Section 5.10. Sale of Series 202[5][6] [__] Bonds. The Series 202[5][6] [__] Bonds shall be sold to the Underwriters at an aggregate purchase price $[_____] (representing the par amount of the Series 202[5][6] [__] Bonds plus a premium in the amount of $[_____]), 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 202[5][6] [__] 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 202[5][6] [__] 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 202[5][6] [__] Bonds remain Outstanding.

Section 5.13. No Recourse on Series 202[5][6] [__] Bonds. No recourse shall be had for payment of the principal or Redemption Price of or interest on the Series 202[5][6] [__] Bonds or for any claim based thereon or on this 202[5][6] [__] Series Supplement against any Board member, officer or employee of the Department or the Trustee or any person executing or authenticating the Series 202[5][6] [__] Bonds, and neither the Board members, officers or employees of the Department or the Trustee, nor any person executing or authenticating the Series 202[5][6] [__] Bonds shall be liable personally on the Series 202[5][6] [__] Bonds by reason of the issuance thereof.

Section 5.14. Protection of Trust Estate.

1. 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 202[5][6] [__] 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 202[5][6] [__] Series Supplement;

(iv) enforce any of the documents executed in connection with this 202[5][6] [__] Series Supplement;

(v) preserve and defend title to the Trust Estate and the rights of Trustee and of owners of the Series 202[5][6] [__] 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.

2. 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 202[5][6] [__] 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 202[5][6] [__] 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 202[5][6] [__] Series Supplement, [the 202[5][6] [__] Series Supplement,] Depository Agreement and the Continuing Disclosure Agreement dated as of [DOC DATE], between the Department and the Trustee (the "Disclosure Agreement", and together with the 202[5][6] [__] Series Supplement, [the 202[5][6] [__] 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.

1. *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.

2. *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.

3. *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.

4. *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 5.18.1 through 5.18.4.

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 202[5][6] [__] Series Supplement to be signed 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

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., Trustee

By: _____
Authorized Officer

EXHIBIT A

FORM OF BOND

UNITED STATES OF AMERICA

STATE OF TEXAS

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
RESIDENTIAL MORTGAGE REVENUE {REFUNDING] BOND
SERIES 202[5][6] [__]

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, calculated on the basis of a 360-day year composed of twelve 30-day months, payable on [INITIAL INTEREST DATE], 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 202[5][6] [__] Bond shall be paid by check mailed on the Interest Payment Date to the Person in whose name such Series 202[5][6] [__] 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

[1] To be deleted from the Initial Bond, and be included only in Series 202[3][5] [__] Bonds registered in the name of DTC or its nominee.

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 [INITIAL INTEREST DATE], 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 [Refunding] 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"), [Chapter 1207, Texas Government Code, as amended,] 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 "[NUMBER] Supplemental Residential Mortgage Revenue Bond Trust Indenture", dated as of [DOC DATE], authorizing the series of Bonds of which this Bond is a part (herein called the "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 [Refunding] Bonds, Series 202[5][6] [__]" (herein sometimes called the "Series 202[5][6] [__] Bonds") issued in the aggregate initial principal amount of $[PRINCIPAL] under the Indentures for the purpose of [(i) acquiring Mortgage Loans, or participations therein, through the purchase of 202[5][6] [__] Mortgage Certificates, including funding loans for down payment and closing cost assistance with respect to Assisted Mortgage Loans, paying lender compensation related to the 202[5][6] [__] Mortgage Loans[, repaying and/or currently refunding the Repaid FHLB Advances, thereby making funds available to acquire Mortgage Loans, or participations therein, through the purchase of the 202[5][6] [__] Mortgage Certificates]; [(ii) the making of deposits in amounts, if any, required by the Indenture to be paid into one or more Funds from the proceeds of the Series 202[5][6] [__] Bonds;] and (iii) the payment of Costs of Issuance][refunding the Refunded Bonds]. 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 202[5][6] [__] 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 202[5][6] [__] Bonds are subject to redemption prior to stated maturity as set forth in the 202[5][6] [__] Series Supplement.

In lieu of redeeming Series 202[5][6] [__] 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 202[5][6] [__] 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 202[5][6] [__] 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 202[5][6] [__] Bonds or portions thereof to be redeemed, together with interest to the redemption date, shall be

[2] To be deleted from the initially issued Bonds.

available for such payment on said date, then from and after the redemption date interest on such Series 202[5][6] [__] 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 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]

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]

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

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

[[_____] TRANSFERRED MORTGAGE CERTIFICATES]

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

[NUMBER] 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

$[PRINCIPAL]
RESIDENTIAL MORTGAGE REVENUE [REFUNDING] BONDS,
TAXABLE SERIES 202[5][6] [__]

Dated as of [DOC DATE]

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Exhibit A – Form of Bond A-1

Exhibit B – [[_____] TRANSFERRED MORTGAGE CERTIFICATES] B-1

[NUMBER] SUPPLEMENTAL RESIDENTIAL MORTGAGE REVENUE BOND TRUST INDENTURE

THIS [NUMBER] SUPPLEMENTAL RESIDENTIAL MORTGAGE REVENUE BOND TRUST INDENTURE, dated as of [DOC DATE] (together with any amendments hereto, this "202[5][6] [__] 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, the Department is authorized under the Act and Chapter 1207, Texas Government Code, as amended, to issue bonds to refund its outstanding obligations and is authorized under the Indenture to issue bonds to refund Bonds issued under the Indenture; and

WHEREAS, Section 1207.002, Texas Government Code, as amended, authorizes the Department to issue refunding bonds to refund all or any part of the Department's outstanding bonds, notes or other general or special obligations; 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, pursuant to the Act and Chapter 1371, Texas Government Code, as amended ("Chapter 1371"), the Department has determined to issue its Residential Mortgage Revenue [Refunding] Bonds, Taxable Series 202[5][6] [__] in an aggregate principal amount of $[PRINCIPAL] (the "Series 202[5][6] [__] Bonds") pursuant to the Indenture and this 202[5][6] [__] Series Supplement to [(i) obtain funds to acquire 202[5][6] [__] 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 202[5][6] [__] Mortgage Loans; [(ii) the making of deposits in amounts, if any, required by the Indenture to be paid into one or more Funds from the proceeds of the Series 202[5][6] [__] Bonds;] and (iii) the payment of Costs of Issuance][refunding its Outstanding Residential Mortgage Revenue Bonds, Series [_____] ([collectively,]the "Refunded Bonds")] all under and in accordance with the Constitution and the laws of the State; and

[WHEREAS, concurrently with the execution of this 202[5][6] [__] Series Supplement, the Department and the Trustee are also entering into that certain [NUMBER] Supplemental Residential Mortgage Revenue Bond Trust Indenture of even date herewith (together with any amendments thereto, the "202[5][6] [__] Series Supplement") by and between the Department and the Trustee, pursuant to which the Department intends to issue its Residential Mortgage Revenue [Refunding] Bonds, [Taxable] Series 202[5][6] [__] (the "Series 2024D Bonds", and together with the Series 202[5][6] [__] Bonds, the "Series 202[5][6][__] Bonds") for the purposes described in the 202[5][6] [__] Series Supplement; and]

WHEREAS, the execution and delivery of this 202[5][6] [__] Series Supplement and the issuance of the Series 202[5][6] [__] 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 202[5][6] [__] 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 202[5][6] [__] Series Supplement have happened, exist and have been performed as so required in order to make the Indenture, as supplemented by this 202[5][6] [__] Series Supplement, a valid, binding and legal instrument for the security of the Series 202[5][6] [__] 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 202[5][6] [__] 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 202[5][6] [__] 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 202[5][6] [__] Bonds, as follows:

ARTICLE I

DEFINITIONS, STATUTORY AUTHORITY AND PLEDGE OF SECURITY

Section 1.1. Supplemental Indenture. This 202[5][6] [__] Series Supplement is supplemental to, and is adopted in accordance with, Article III and Article X of the Indenture.

Section 1.2. Definitions.

1. 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 202[5][6] [__] Series Supplement (other than in the form of Series 202[5][6] [__] Bond set forth in Exhibit A hereto) as such defined terms are given in Section 101 of the Indenture.

2. As used in this 202[5][6] [__] Series Supplement (other than in the form of Series 202[5][6] [__] 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 202[5][6] [__] Bonds created and established in Section 2.9 of this 202[5][6] [__] Series Supplement.

"Assisted Mortgage Loans" [shall mean 202[5][6] [__] Mortgage Loans that include a related DPA Loan to provide down payment and closing cost assistance][has the meaning given to such term in the 202[5][6] [__] Series Supplement].

"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 of the Department, the Executive Director of the Department, the Director of Administration of the Department, the Director of Financial Administration of the Department, the Deputy Executive Director of Housing Finance of the Department and the Secretary or any Assistant Secretary to the Board] or any officer or employee 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 202[5][6] [__] Mortgage Certificate by the Trustee which represents the number of days of interest on such 202[5][6] [__] 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 202[5][6] [__] 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 in accordance with Section 5.2 of this 202[5][6] [__] Series Supplement.

"Chapter 1371" has the meaning given to such term in the recitals hereto.

"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.

"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)(l)(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 [_____] 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 202[5][6] [__] 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.

"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 a 202[5][6] [__] 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.

"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 202[5][6] [__] 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.

"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 202[5][6] [__] Bond approved by the Attorney General of the State of Texas and registered by the Comptroller.

[NEW MONEY]"Interest Payment Date" shall mean, with respect to the Series 202[5][6] [__] Bonds, each July 1 and January 1, commencing [INITIAL INTEREST DATE], and any other date on which the Series 202[5][6] [__] Bonds are subject to redemption.

[REFUNDING]"Interest Payment Date" shall mean, with respect to the Series 202[5][6] [__] Bonds, the first day of each month, commencing [INITIAL INTEREST DATE], and any other date on which the Series 202[5][6] [__] Bonds are subject to redemption.

"Issuance Date" shall mean [CLOSING DATE], the date of initial issuance and delivery of the Series 202[5][6] [__] Bonds to the Underwriters, as initial purchasers thereof, in exchange for payment of the purchase price of the Series 202[5][6] [__] Bonds.

"Letter of Instructions" shall mean, with respect to the Series 202[5][6] [__] 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.

[NEW MONEY]"Mortgage Loan Principal Payment" shall mean, with respect to any 202[5][6] [__] 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 202[5][6] [__] Mortgage Loan.

[REFUNDING]"Mortgage Loan Principal Payments" shall mean all Mortgage Loan Principal Prepayments and all regularly scheduled payments of principal with respect to all Mortgage Loans included in the [____] Transferred Mortgage Certificates.

"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.

"Optional Redemption Date" shall mean [OPTIONAL REDEMPTION DATE].

"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 202[5][6] [__] Mortgage Certificate, which will equal the mortgage rate of the 202[5][6] [__] Mortgage Loans backing the 202[5][6] [__] Mortgage Certificate less servicing and guaranty fees, which fees are retained by the Servicer.

"Paying Agent" shall mean the Trustee.

"Pricing Certificate" means the certificate dated [_____], setting forth the final terms for the Series 202[5][6] [__] Bonds, executed by an Authorized Representative in accordance with the Resolution.

"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 February 21, 2025, 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 202[5][6] [__] 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 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.

"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 202[5][6] [__] Bond, the principal amount thereof, plus the applicable premium, if any, payable upon redemption thereof pursuant to such Series 202[5][6] [__] Bond or the Indentures.

["Refunded Bonds" shall mean all of the Department's Outstanding Residential Mortgage Revenue Bonds, Series [_____].]

"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.

"Representative" shall mean [REPRESENTATIVE].

"Resolution" means Resolution No. [_____] authorizing the Bonds, as the same may be amended from time to time in accordance with the terms thereof.

"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 202[5][6] [__] 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 202[5][6] [__] Mortgage Certificates and all other net proceeds of such 202[5][6] [__] Mortgage Certificates.

"RHS" shall mean the United States Department of Agriculture, Rural Housing Service, formerly known as Farmers Home Administration, or any successor thereto.

"Series 202[5][6] [__] Bonds" has the meaning given to such term in the recitals hereto.

"Series 202[5][6] [__] Supplement" has the meaning given to such term in the first paragraph hereof.

"Servicer" shall mean (i) TMS, 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 TMS, the Servicing Agreement dated as of December 30, 2024, by and between the Department and TMS; 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 202[5][6] [__] Bonds subject to scheduled mandatory redemption on the respective redemption dates set forth in Section 2.7.4 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 202[5][6] [__] Bonds created in certain Accounts pursuant to Section 2.9 hereof.

"TMS" shall mean The Money Source, Inc., a licensed lender and loan servicer.

"202[5][6] [__] Administrative Subaccount" shall mean the 202[5][6] [__] Administrative Subaccount established within the 202[5][6] [__] Mortgage Loan Account pursuant to Section 2.9(1)(c)(2) hereof.

"202[5][6] [__] Bond Proceeds Fund" shall mean the 202[5][6] [__] Bond Proceeds Fund established pursuant to Section 2.9(1)(a) hereof.

["202[5][6] [__] Capitalized Interest Subaccount" shall mean the 202[5][6] [__] Capitalized Interest Subaccount established within the 202[5][6] [__] Revenue Account pursuant to Section 2.9(1)(d) hereof.]

["202[5][6] [__] Cost of Issuance Account" shall mean the 202[5][6] [__] Costs of Issuance Account established within the Cost of Issuance Fund pursuant to Section 2.9 hereof.]

["202[5][6] [__] Down Payment Assistance Subaccount" shall mean the 202[5][6] [__] Down Payment Assistance Subaccount established within the 202[5][6] [__] Mortgage Loan Account pursuant to Section 2.9(1)(c)(1) hereof.]

"202[5][6] [__] Expense Account" shall mean the 202[5][6] [__] Expense Account established within the Expense Fund pursuant to Section 2.9 hereof.

"202[5][6] [__] Interest Account" shall mean the 202[5][6] [__] Interest Account established within the Interest Fund pursuant to Section 2.9 hereof.

"202[5][6] [__] Mortgage Certificates" shall mean the proportionate interests in the 202[5][6] [__] Mortgage Certificates purchased by the Trustee on the Issuance Date and on any future date from amounts on deposit in the 202[5][6] [__] Mortgage Loan Account.

"202[5][6] [__] Mortgage Loan Account" shall mean the 202[5][6] [__] Mortgage Loan Account established within the Mortgage Loan Fund pursuant to Section 2.9 hereof.

"202[5][6] [__] Mortgage Loans" shall mean the Mortgage Loans included in each Mortgage Pool represented by a 202[5][6] [__] Mortgage Certificate.

"202[5][6] [__] Principal Account" shall mean the 202[5][6] [__] Principal Account established within the Principal Fund pursuant to Section 2.9 hereof.

"202[5][6] [__] Residual Revenues Account" shall mean the 202[5][6] [__] Residual Revenues Account established within the Residual Revenues Fund pursuant to Section 2.9 hereof.

"202[5][6] [__] Revenue Account" shall mean the 202[5][6] [__] Revenue Account established within the Revenue Fund pursuant to Section 2.9 hereof.

"202[5][6] [__] Special Redemption Account" shall mean the 202[5][6] [__] Special Redemption Account established within the Special Redemption Fund established to Section 2.9 hereof.

"202[5][6][_][_] 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 the 202[5][6] [__] Series Supplement and are pledged by the Department to the Trustee pursuant to the Indenture, this 202[5][6] [__] Series Supplement and the 202[5][6] [__] Series Supplement, as described in any Letter of Instructions to the Trustee described in Section 2.15(2) hereof and the 202[5][6] [__] Series Supplement.

"[_____] Transferred Mortgage Certificates" shall mean the Mortgage Certificates allocated to the [_____] Mortgage Loan Account as described in Exhibit B hereto.

"Underwriters" shall mean the Representative and the other underwriters named on the schedule attached to the Purchase Agreement.

Section 1.3. Authority for This 202[5][6] [__] Series Supplement. This 202[5][6] [__] 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.

1. For all purposes of this 202[5][6] [__] 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 202[5][6] [__] Series Supplement.

2. Except where the context otherwise requires, terms defined in this 202[5][6] [__] Series Supplement to impart the singular number shall be considered to include the plural number and vice versa.

3. 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.

4. This 202[5][6] [__] 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 202[5][6] [__] 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 202[5][6] [__] 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 202[5][6] [__] 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 202[5][6] [__] 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 202[5][6] [__] 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 202[5][6] [__] Series Supplement. Nothing in this 202[5][6] [__] 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 202[5][6] [__] Series Supplement.

Section 1.11. Governing Law. This 202[5][6] [__] 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 202[5][6] [__] Mortgage Certificates, all amounts that may be received with respect to the DPA Loans and the 202[5][6] [__] Mortgage Certificates and the Ginnie Mae Guaranty Agreement, any right of the Department under any Ginnie Mae Guaranty Agreement with respect to the 202[5][6] [__] 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 202[5][6] [__] Mortgage Certificates, to bring actions and proceedings under the DPA Loans and the 202[5][6] [__] 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 202[5][6] [__] Mortgage Certificates, and the holders of the Bonds are by such pledge and assignment afforded a beneficial interest in such DPA Loans and the 202[5][6] [__] Mortgage Certificates.

ARTICLE II

AUTHORIZATION AND TERMS OF SERIES 202[5][6] [__] 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 202[5][6] [__] Series Supplement, a Series of Bonds is hereby authorized to be issued in the original aggregate principal amount of $[PRINCIPAL]. Each Bond of this Series of Bonds shall be entitled "Texas Department of Housing and Community Affairs Residential Mortgage Revenue [Refunding] Bond, Taxable Series 202[5][6] [__]." The terms of the Series 202[5][6] [__] Bonds shall be as set forth in Article III of the Indenture and this Article II.

Section 2.2. Purposes. The Series 202[5][6] [__] Bonds are issued in accordance with subsection 1(3)(b) of Section 302 of the Indenture for the purpose of [(i) acquiring Mortgage Loans, or participations therein, through the purchase of 202[5][6] [__] Mortgage Certificates, including funding loans for down payment and closing cost assistance with respect to Assisted Mortgage Loans and paying lender compensation related to the 202[5][6] [__] Mortgage Loans; [(ii) the making of deposits in amounts, if any, required by the Indenture to be paid into one or more Funds from the proceeds of the Series 202[5][6] [__] Bonds;] and (iii) the payment of Costs of Issuance][refunding the Refunded Bonds.]

Section 2.3. Registered Bonds Only, Dates, Denominations, Numbers, and Letters.

1. The Series 202[5][6] [__] 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.

2. The Series 202[5][6] [__] 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 202[5][6] [__] Bonds shall be dated as of the Issuance Date.

3. The Series 202[5][6] [__] Bonds shall be issued in the Authorized Denominations.

4. Unless the Department shall direct otherwise, each Series 202[5][6] [__] Bond within a maturity of the Series 202[5][6] [__] Bonds shall be lettered and numbered separately from 00001 upward prefixed by the letters R, 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 TR-1.

Section 2.4. Interest Payment Dates, Interest Rates and Maturities of the Series 202[5][6] [__] Bonds. The Series 202[5][6] [__] 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 202[5][6] [__] 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 202[5][6] [__] 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

[INSERT VARIABLE RATE PROVISIONS, AS APPLICABLE]

Section 2.5. Paying Agent; Method and Place of Payment.

1. The Trustee is hereby appointed as Paying Agent for the Series 202[5][6] [__] Bonds and the Trustee hereby accepts such appointment. The principal amount and Redemption Price of the Series 202[5][6] [__] 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 202[5][6] [__] Bond shall be payable by check mailed on the Interest Payment Date to the Person in whose name such Series 202[5][6] [__] 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 202[5][6] [__] 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 202[5][6] [__] Bonds as permitted by the Indenture.

2. Notwithstanding the foregoing, for so long as the Bond Depository is the exclusive Holder of the Series 202[5][6] [__] Bonds and for Holders of not less than $1,000,000 in aggregate principal amount of the Series 202[5][6] [__] Bonds, and except for the final payment of principal of the Series 202[5][6] [__] 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 202[5][6] [__] 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.

1. 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 202[5][6] [__] Bonds. In accordance with the Letter of Representations, the Department shall cause the Series 202[5][6] [__] 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.

2. With respect to Series 202[5][6] [__] 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 202[5][6] [__] Bonds. The Department and the Trustee may treat and consider the registered owner of any Series 202[5][6] [__] Bond as the holder and absolute owner of such Series 202[5][6] [__] Bond for the purpose of payment of the principal and Redemption Price of and interest with respect to such Series 202[5][6] [__] Bond, for the purpose of giving notices of redemption and other matters with respect to such Series 202[5][6] [__] Bond, for the purpose of registering transfers and exchanges with respect to such Series 202[5][6] [__] Bond, and for all other purposes whatsoever. The Trustee shall pay all the principal amount and Redemption Price of and interest on the Series 202[5][6] [__] Bonds only to or upon the order of the respective registered owners of the Series 202[5][6] [__] 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 202[5][6] [__] Bonds, (ii) the delivery to any Depository Participant or any other Person, other than a registered owner of a Series 202[5][6] [__] 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 202[5][6] [__] 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 202[5][6] [__] Bond, of any amount with respect to any Series 202[5][6] [__] Bond. The rights of Depository Participants and Persons on behalf of whom any Depository Participant holds a beneficial interest in Series 202[5][6] [__] Bonds shall be limited to those established by law and agreements between such Depository Participants and other Persons and the applicable Bond Depository.

3. 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 202[5][6] [__] 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 202[5][6] [__] Bonds is not in the best interest of such owners of beneficial interests in the Series 202[5][6] [__] Bonds, then the Department shall direct the Bond Depository to terminate the existing book-entry system for ownership of interests in the Series 202[5][6] [__] 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 202[5][6] [__] Bonds, if one is available satisfactory to the Department, and the ownership of all Series 202[5][6] [__] 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 202[5][6] [__] Bonds, of the availability of Series 202[5][6] [__] Bonds registered in the names of such Persons as are owners of beneficial interests in the Series 202[5][6] [__] Bonds and, upon surrender to the Trustee of the Outstanding Series 202[5][6] [__] 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 202[5][6] [__] Bonds, in Authorized Denominations, to the owners of beneficial interests in the Series 202[5][6] [__] Bonds as of the date of the termination of the existing book-entry ownership system for the Series 202[5][6] [__] 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 202[5][6] [__] Bonds, all of the Series 202[5][6] [__] Bonds must be held under such book-entry system. Prior to any transfer of the Series 202[5][6] [__] 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 202[5][6] [__] 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.

4. Notwithstanding any other provisions in Article II of this 202[5][6] [__] 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 202[5][6] [__] Bonds shall not be subject to redemption prior to maturity except as follows:

[REDEMPTION PROVISIONS TO COME]

Section 2.8. Notice of Redemption; Selection of Series 202[5][6] [__] Bonds to Be Redeemed.

1. 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 202[5][6] [__] 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 202[5][6] [__] Bonds is conditioned upon moneys being available for such purpose on the redemption date.

2. 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 202[5][6] [__] Bonds receives the notice.

3. Except as specified in Section 2.7(2) and Section 2.7(3) hereof, the Series 202[5][6] [__] Bonds to be redeemed in part shall be selected as provided in Section 404 of the Indenture. While the Series 202[5][6] [__] Bonds are held by the Bond Depository, Series 202[5][6] [__] 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.

1. Pursuant to the provisions of subsection 3 of Section 502 of the Indenture, there is established by this Section 2.9 for the Series 202[5][6] [__] Bonds, an Account in each Fund, except for the Debt Service Reserve Fund 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 "202[5][6] [__] _____ 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 202[5][6] [__] Bonds the following additional Funds, Accounts and Subaccounts:

(a) a temporary Fund to be known and designated as the 202[5][6] [__] Bond Proceeds Fund;

(b) *Intentionally omitted*;

(c) within the 202[5][6] [__] Mortgage Loan Account, a (1) 202[5][6] [__] Down Payment Assistance Subaccount; and (2) 202[5][6] [__] Administrative Subaccount; and

(d) within the 202[5][6] [__] Revenue Account, a 202[5][6] [__] Capitalized Interest Subaccount.

The Department may also, pursuant to a Letter of Instructions, establish additional Accounts and Subaccounts for such purposes as the Department may determine from time to time.

2. Unless an Event of Default shall have occurred and be continuing, Revenues from the 202[5][6] [__] Mortgage Certificates or from the investment or reinvestment of moneys on deposit in each Account for the Series 202[5][6] [__] 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 to any other Series. The Accounts shall be for the equal benefit of the Holders of all of the Bonds. The segregation of the Accounts as required by this Section 2.9 is not for the purpose of giving a priority or preference to the Bonds of one Series over that of another Series. Except as provided in this Section, the Revenues and proceeds of a Series shall continue to be used as provided in Article V of the Indenture.

Section 2.10. Initial Deposits and Transfers into Funds, Accounts and Subaccounts. On the Issuance Date, as shall be more fully set forth in a Letter of Instructions, the Trustee shall deposit the proceeds of the Series 202[5][6] [__] Bonds into the 202[5][6] [__] Bond Proceeds Fund. There shall be transferred from the 202[5][6] [__] Bond Proceeds Fund the amounts specified in a Letter of Instructions authorizing the authentication and delivery of the Series 202[5][6] [__] Bonds, for deposit to the Funds, Accounts and Subaccounts specified therein. After completion of such transfers, the 202[5][6] [__] Bond Proceeds Fund shall be closed. After payment of all costs, any funds remaining in the 202[5][6] [__] Cost of Issuance Account shall be transferred to the Residual Revenues Fund pursuant to a Letter of Instructions from the Department.

Section 2.11. Transfer of and Representations and Covenants Relating to [_____] Transferred Mortgage Certificates. All [_____] Transferred Mortgage Certificates are hereby allocated to the [_____] Mortgage Loan Account. The Department represents and covenants that each of the [_____] Transferred Mortgage Certificates is a Mortgage Loan that, at the date of acquisition, met the requirements set forth in Section 705 of the Indenture.

Section 2.12. Form of Series 202[5][6] [__] Bonds. (a) Each Series 202[5][6] [__] Bond shall be in substantially the form and tenor of Exhibit A attached hereto, which Exhibit A is incorporated herein as if fully set forth in this 202[5][6] [__] Series Supplement, with such omissions, insertions, and variations as permitted or required by the Indenture. The registration certificate of the Comptroller of Public Accounts of the State of Texas and the certificate of authentication of the Trustee shall be in the form set forth in Exhibit A. The Department is hereby authorized, in its discretion, to provide for the assignment of CUSIP numbers for the Series 202[5][6] [__] Bonds and to have such CUSIP numbers printed thereon, and the Department may direct the Trustee to use such CUSIP numbers in notices of redemption, provided that any such notice may state that no representation is made by the Trustee or the Department as to the correctness of such CUSIP number either as printed on the Series 202[5][6] [__] Bonds or as contained in any notice of redemption. There may be printed on or attached to each Series 202[5][6] [__] Bond registered in the name of the Bond Depository a schedule for the purpose of notation by the Bond Depository of the portion of the principal amount thereof which shall have been paid and the portion of the principal amount thereof which remains Outstanding and unpaid.

(b) Notwithstanding the foregoing, the Initial Bond shall be in the form set forth in Exhibit A, with the following modifications:

(i) Immediately under the name of the bond issue and the legends, the existing headings shall be omitted and replaced with the following headings:

"No.TR-1 Dated Date: [CLOSING DATE] $[PRINCIPAL]

Registered Owner: [REPRESENTATIVE]

Principal Amount: [_____] MILLION DOLLARS"

(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 [INITIAL INTEREST DATE], 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:

[Insert maturity schedule from Section 2.4 of the 202[5][6] [__] Series Supplement]

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 2.13. *Intentionally Omitted*.

Section 2.14. Transfers from 202[5][6] [__] 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 202[5][6] [__] Bonds, to the extent funds are not available in the 202[5][6] [__] Revenue Account to pay interest or principal due on the Series 202[5][6] [__] Bonds, the Trustee shall transfer from the 202[5][6] [__] Residual Revenues Account to the 202[5][6] [__] Interest Account or the 202[5][6] [__] 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 202[5][6] [__] Bonds on such date.

Section 2.15. 202[5][6] [__] Mortgage Loan Account. The 202[5][6] [__] 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, 202[5][6] [__] Mortgage Certificates. On [_____], unless the Certificate Purchase Period is extended in accordance with Section 5.2 hereof, unexpended proceeds of the Series 202[5][6] [__] Bonds shall be transferred from 202[5][6] [__] Mortgage Loan Account to the 202[5][6] [__] Special Redemption Account in accordance with Section 2.7.1 hereof.

Section 2.16. 202[5][6] [__] Mortgage Certificate Acquisition.

1. The Department has determined that the Supplemental Mortgage Security for the 202[5][6] [__] 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 202[5][6] [__] Mortgage Loans shall be accomplished through the purchase of Ginnie Mae Certificates in accordance with the Program Agreement, and no 202[5][6] [__] 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 202[5][6] [__] Mortgage Certificate.

2. 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 202[5][6] [__] Mortgage Loan Account. The Department shall specify the allocation of the 202[5][6] [__] Mortgage Certificates to the Series 202[5][6] [__] Bonds and the Series 202[5][6] [__] Bonds in such Letter of Instructions. The Department shall deliver a copy of each such Letter of Instructions to the Compliance Agent.

3. Each 202[5][6] [__] 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

[REDEMPTION

Section 3.1. Redemption of Refunded Bonds. The Department has instructed the Trustee to redeem the Refunded Bonds.

Section 3.2. Sale of [____] Transferred Mortgage Certificates. Notwithstanding any other provision of the Indenture, the Department may sell the [____] Transferred Mortgage Certificates in whole or in part only upon delivery by the Department of 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).]

ARTICLE IV

RESERVED

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 202[5][6] [__] Mortgage Loan Account remaining unexpended for acquisition of 202[5][6] [__] Mortgage Certificates in such amounts as provided in a Letter of Instructions from the 202[5][6] [__] Mortgage Loan Account to the 202[5][6] [__] Special Redemption Account to be applied to the redemption of Series 202[5][6] [__] Bonds pursuant to Section 2.7.1 hereof. The Certificate Purchase Period for amounts in the 202[5][6] [__] Mortgage Loan Account may be extended to a date certain as set out in a Letter of Instructions to the Trustee, 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) *Intentionally omitted*; and

(ii) confirmation from each Rating Agency that such extension will not adversely affect the rating on the Series 202[5][6] [__] 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 202[5][6] [__] Revenue Account.

1. 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 202[5][6] [__] Bonds, all Revenues received with respect to the 202[5][6] [__] Mortgage Certificates shall be deposited in the 202[5][6] [__] Revenue Account. [202[5][6] [__] Transferred Excess Revenues shall also be deposited in the 2024D Revenue Account.]

2. [Pursuant to subsection 3 of Section 505 of the Indenture, the Trustee shall set aside monthly in the [_____] Revenue Account, all Mortgage Loan Principal Payments relating to the [_____]Transferred Mortgage Certificates to be used to redeem Series [_____]Bonds in accordance with Section 2.7.1 hereof unless otherwise directed by a Letter of Instructions accompanied by a Cashflow Statement giving effect to the actions directed in such Letter of Instructions.]

3. [Pursuant to subsection 3 of Section 505 of the Indenture, the Trustee shall transfer from the 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 202[5][6] [__] Bonds, to the 202[5][6] [__] 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 202[5][6] [__] Bonds on such Interest Payment Date or redemption date;

(ii) Second, monthly, upon receipt of Mortgage Loan Principal Payments [and/or 202[5][6] [__] Transferred Excess Revenues], to the 202[5][6] [__] 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 202[5][6] [__] Bonds on the next Interest Payment Date; and

(iii) Third, monthly, upon receipt of Mortgage Loan Principal Payments [and/or 202[5][6] [__] Transferred Excess Revenues], to the 202[5][6] [__] Special Redemption Account, any remaining Mortgage Loan Principal Payments to be applied monthly to the redemption of Series 202[5][6] [__] Bonds pursuant to Section 2.7.2 hereof.]

Section 5.4. Application of Residual Revenues. The Trustee shall transfer any amounts as set forth or described in a Letter of Instructions from the 202[5][6] [__] Residual Revenues Account to the 202[5][6] [__] Special Redemption Account to be used to redeem Series 202[5][6] [__] Bonds in accordance with Section 2.7.3 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 202[5][6] [__] Mortgage Certificate shall satisfy the following requirements:

(i) each 202[5][6] [__] Mortgage Loan shall bear interest (which interest shall be payable in arrears) at the applicable rate in accordance with the Program Agreement;

(ii) each 202[5][6] [__] 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 202[5][6] [__] Mortgage Loan shall be secured by a Mortgage creating a first lien on the residence being financed with the proceeds of such 202[5][6] [__] Mortgage Loan;

(iv) each 202[5][6] [__] 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 202[5][6] [__] 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 202[5][6] [__] 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 202[5][6] [__] Mortgage Certificate shall be acquired by the Department with moneys disbursed from the 202[5][6] [__] Mortgage Loan Account [and/or 202[5][6] [__] 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.

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.

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 202[5][6] [__] 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 202[5][6] [__] Series Supplement; and (ii) *intentionally omitted*.

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 202[5][6] [__] Bonds. The Series 202[5][6] [__] 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 202[5][6] [__] Series Supplement;

(ii) *intentionally omitted*;

(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 202[5][6] [__] Series Supplement to be deposited in the Accounts and Subaccounts as required therein.

Section 5.10. Sale of Series 202[5][6] [__] Bonds. The Series 202[5][6] [__] Bonds shall be sold to the Underwriters at an aggregate purchase price $[_____] (representing the par amount of the Series 202[5][6] [__] Bonds, plus a premium in the amount of $[_____]), 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 202[5][6] [__] 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 202[5][6] [__] 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 202[5][6] [__] Bonds remain Outstanding.

Section 5.13. No Recourse on Series 202[5][6] [__] Bonds. No recourse shall be had for payment of the principal or Redemption Price of or interest on the Series 202[5][6] [__] Bonds or for any claim based thereon or on this 202[5][6] [__] Series Supplement against any Board member, officer or employee of the Department or the Trustee or any person executing or authenticating the Series 202[5][6] [__] Bonds, and neither the Board members, officers or employees of the Department or the Trustee, nor any person executing or authenticating the Series 202[5][6] [__] Bonds shall be liable personally on the Series 202[5][6] [__] Bonds by reason of the issuance thereof.

Section 5.14. Protection of Trust Estate.

1. 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 202[5][6] [__] 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 202[5][6] [__] Series Supplement;

(iv) enforce any of the documents executed in connection with this 202[5][6] [__] Series Supplement;

(v) preserve and defend title to the Trust Estate and the rights of Trustee and of owners of the Series 202[5][6] [__] 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.

2. 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

202[5][6] [__] 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 202[5][6] [__] 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 verifications, representation and covenants of the Trustee in Section 5.18 of the 202[5][6] [__] Series Supplement expressly incorporated by reference into this 202[5][6] [__] Series Supplement.

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 202[5][6] [__] Series Supplement to be signed 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

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., Trustee

By: _____
Authorized Officer

EXHIBIT A

FORM OF BOND

UNITED STATES OF AMERICA

STATE OF TEXAS

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
RESIDENTIAL MORTGAGE REVENUE [REFUNDING] BOND
TAXABLE SERIES 202[5][6] [__]

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, calculated on the basis of a 360-day year composed of twelve 30-day months, payable on [INITIAL INTEREST DATE], 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 202[5][6] [__] Bond shall be paid by check mailed on the Interest Payment Date to the Person in whose name such Series 202[5][6] [__] 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

[1] To be deleted from the Initial Bond, and be included only in Series 202[3][5] [__] Bonds registered in the name of DTC or its nominee.

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 [INITIAL INTEREST DATE], 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 [Refunding] 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"), [Chapter 1207, Texas Government Code, as amended,] 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 "[NUMBER] Supplemental Residential Mortgage Revenue Bond Trust Indenture", dated as of [DOC DATE], authorizing the series of Bonds of which this Bond is a part (herein called the "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 [Refunding] Bonds, Taxable Series 202[5][6] [__]" (herein sometimes called the "Series 202[5][6] [__] Bonds") issued in the aggregate initial principal amount of $[PRINCIPAL] under the Indentures for the purpose of [(i) acquiring Mortgage Loans, or participations therein, through the purchase of 202[5][6] [__] Mortgage Certificates, including funding loans for down payment and closing cost assistance with respect to Assisted Mortgage Loans and paying lender compensation related to the 202[5][6] [__] Mortgage Loans; [(ii) the making of deposits in amounts, if any, required by the Indenture to be paid into one or more Funds from the proceeds of the Series 202[5][6] [__] Bonds;] and (iii) the payment of Costs of Issuance][refunding the Refunded Bonds]. 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 202[5][6] [__] 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 202[5][6] [__] Bonds are subject to redemption prior to stated maturity as set forth in the 202[5][6] [__] Series Supplement.

In lieu of redeeming Series 202[5][6] [__] 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 202[5][6] [__] 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 202[5][6] [__] 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 202[5][6] [__] 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 202[5][6] [__] 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

[2] To be deleted from the initially issued Bonds.

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 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]

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]

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

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

[[_____] TRANSFERRED MORTGAGE CERTIFICATES]

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

[NUMBER] SUPPLEMENTAL SINGLE FAMILY 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

$[PRINCIPAL]
SINGLE FAMILY MORTGAGE REVENUE [REFUNDING] BONDS
202[5][6] SERIES [__]

Dated as of [DOC DATE]

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[NUMBER] SUPPLEMENTAL SINGLE FAMILY
MORTGAGE REVENUE BOND TRUST INDENTURE

AUTHORIZING

$[PRINCIPAL]
SINGLE FAMILY MORTGAGE REVENUE [REFUNDING] BONDS
202[5][6] SERIES [__]

THIS [NUMBER] SUPPLEMENTAL SINGLE FAMILY MORTGAGE REVENUE BOND TRUST INDENTURE dated as of [DOC DATE] (together with any amendments hereto, this "202[5][6] [__] Supplemental Indenture"), 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 (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 Single Family Mortgage Revenue Bond Trust Indenture dated as of June 1, 2017, 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 Single Family 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, the Department is authorized under the Act and Chapter 1207, Texas Government Code, as amended, to issue bonds to refund its outstanding obligations and is authorized under the Indenture to issue bonds to refund Bonds issued under the Indenture; and

WHEREAS, Section 1207.002, Texas Government Code, authorizes the Department to issue refunding bonds to refund all or any part of the Department's outstanding bonds, notes or other general or special obligations; and]

WHEREAS, Sections 1001 and 1002 of the Indenture authorize the Department to adopt and file with the Trustee, a supplemental indenture, authorizing Bonds of a Series and, among other things, to include any other matters and things relative to such Bonds which are not contrary to or inconsistent with the Indenture, to add to the covenants and agreements of the Department, and to pledge other moneys, securities or funds as part of the Trust Estate; and

WHEREAS, pursuant to the Act and Chapter 1372, Texas Government Code, as amended ("Chapter 1372")

the Department has determined to issue its Single Family Mortgage Revenue [Refunding] Bonds, 202[5][6] Series [__] (the "Series 202[5][6] [__] Bonds") in an aggregate principal amount of $[PRINCIPAL] pursuant to the Indenture and this 202[5][6] [__] Supplemental Indenture for the purpose of [(i) acquiring Mortgage Loans, or participations therein, through the purchase of 202[5][6] [__] Mortgage Certificates, including the payment of legal, financing and other expenses incidental thereto and including funding loans for down payment and closing cost assistance with respect to Assisted Mortgage Loans [,and to repay or refund Repaid FHLB Advances (as hereinafter defined)]; (ii) the making of deposits in amounts, if any, required by the Indenture or this 202[5][6] [__] Supplemental Indenture to be paid into one or more Funds or Accounts from the proceeds of such Series of Bonds; (iii) payment of Cost of Issuance; and (iv) the payment of Department's Expenses, including paying lender compensation related to the 202[5][6] [__] Mortgage Loans][the refunding of its Outstanding Single Family Mortgage Revenue Bonds, [_____] ([collectively,] the "Refunded Bonds")]], all under and in accordance with the Constitution and laws of the State; and

[WHEREAS, concurrently with the execution of this 202[5][6] [__] Supplemental Indenture, the Department and the Trustee are also entering into that certain [NUMBER] Supplemental Residential Mortgage Revenue Bond Trust Indenture of even date herewith (together with any amendments thereto, the "202[5][6] [__] Supplemental Indenture") by and between the Department and the Trustee, pursuant to which the Department intends to issue its Residential Mortgage Revenue [Refunding] Bonds, [Taxable] Series 202[5][6] [__] (the "Series 2024D Bonds", and together with the Series 202[5][6] [__] Bonds, the "Series 202[5][6][__] Bonds") for the purposes described in the 202[5][6] [__] Supplemental Indenture; and]

WHEREAS, the execution and delivery of this 202[5][6] [__] Supplemental Indenture and the issuance of the Series 202[5][6] [__] 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 202[5][6] [__] Supplemental Indenture 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 202[5][6] [__] Supplemental Indenture have happened, exist and have been performed as so required in order to make the Indenture, as supplemented by this 202[5][6] [__] Supplemental Indenture, a valid, binding and legal instrument for the security of the Series 202[5][6] [__] 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 202[5][6] [__] 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 202[5][6] [__] 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 (except to the extent that such benefit is not equal and proportionate pursuant to the terms of the Indenture and any supplemental indenture thereunder) of the respective holders from time to time of the Bonds, including the Series 202[5][6] [__] Bonds as follows:

ARTICLE I

DEFINITIONS, STATUTORY AUTHORITY AND PLEDGE OF SECURITY

Section 1.1 Supplemental Indenture. This 202[5][6] [__] Supplemental Indenture is supplemental to, and is adopted in accordance with, Articles III and 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 202[5][6] [__] Supplemental Indenture (other than in the form of Series 202[5][6] [__] Bond set forth in Exhibit A hereto) as such defined terms are given in Section 101 of the Indenture.

(b) As used in this 202[5][6] [__] Supplemental Indenture (other than in the form of Series 202[5][6] [__] 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 special trust accounts pertaining to the Series 202[5][6] [__] Bonds created and established in Section 502 of the Indenture and Section 2.12 hereof.

"Advances" means advances made to the Department by the Federal Home Loan Bank pursuant to the FHLB Agreement.

"Assisted Mortgage Loans" shall mean 202[5][6] [__] 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 of the Department, the Executive Director of the Department, the Director of Administration of the Department, the Director of Financial Administration of the Department, the Deputy Executive Director of Housing Finance of the Department, and the Secretary or any Assistant Secretary to the Board] or any officer or employee 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 2.11 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 202[5][6] [__] Mortgage Certificate by the Trustee which represents the number of days of interest on such 202[5][6] [__] 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 202[5][6] [__] 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 [_____], in accordance with Section 2.17 of this 202[5][6] [__] Supplemental Indenture.

"Chapter 1371" has the meaning given to such term in the recitals hereto.

"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.

"Department" has the meaning given to such term in the first paragraph hereof.

"Depository" shall mean the Texas Treasury Safekeeping Trust Company, acting in accordance with the Depository Agreement, and any successor depository appointed pursuant to Section 601 of the Indenture.

"Depository Agreement" shall mean the Amended and Restated Depository Agreement dated as of August 1, 1991, among the Department, the Trustee and the Depository, relating to the 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.

"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 a 202[5][6] [__] 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 such action or omission does not adversely affect the excludability from gross income for federal income tax purposes of interest payable on the Series 202[5][6] [__] Bonds under existing law (subject to the inclusion of any exceptions contained in the opinion of Bond Counsel delivered upon original issuance of the Series 202[5][6] [__] Bonds or other customary exceptions acceptable to the recipient thereof).

"FHLB Agreement" means the Advances and Security Agreement, dated November 1, 2016, by and between the Department and the Federal Home Loan Bank of Dallas, as amended, and the side letters executed pursuant thereto.

"Final Computation Date" shall mean the date on which final payment in full of the Series 202[5][6] [__] 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 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 202[5][6] [__] 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.

"Indenture" shall mean, the Amended and Restated Single Family Mortgage Revenue Bond Trust Indenture dated as of June 1, 2017, between the Department and the Trustee as supplemented and amended from time to time.

"Initial Bond" means the Series 202[5][6] [__] 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.

[NEW MONEY]"Interest Payment Date" shall mean, with respect to the Series 202[5][6] [__] Bonds, each March 1 and September 1, commencing [INITIAL INTEREST DATE], and any other date on which the Series 202[5][6] [__] Bonds are subject to redemption.

[REFUNDING]"Interest Payment Date" shall mean, with respect to the Series 202[5][6] [__] Bonds, the first day of each month, commencing [INITIAL INTEREST DATE], and any other date on which the Series 202[5][6] [__] 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 [CLOSING DATE], the date of initial issuance and delivery of the Series 202[5][6] [__] Bonds to the Underwriters, as initial purchasers thereof, in exchange for payment of the purchase price of such Series 202[5][6] [__] Bonds.

"Letter of Instructions" shall mean, with respect to the Series 202[5][6] [__] 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 Payments" shall mean all Mortgage Loan Principal Prepayments and all regularly scheduled payments of principal with respect to all Mortgage Loans included in the 202[5][6] [__] [Transferred] Mortgage Certificates.

"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.

"Nonpurpose Investment" shall mean 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 Series 202[5][6] [__] Bonds.

"Optional Redemption Date" shall mean [OPTIONAL REDEMPTION DATE].

"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 rates accruing for each month on a 202[5][6] [__] Mortgage Certificate, which will equal the mortgage rate of the 202[5][6] [__] Mortgage Loans backing the 202[5][6] [__] Mortgage Certificate less servicing and guaranty fees, which fees are retained by the Servicer.

"Paying Agent" shall mean the Trustee.

"Pricing Certificate" means the certificate dated [_____], setting forth the final terms for the Series 202[5][6] [__] Bonds, executed by an Authorized Representative in accordance with the Resolution.

"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 February 21, 2025, 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 202[5][6] [__] Bonds by the Underwriters.

"Rating Agency" shall mean: (i) S&P Global Ratings, a division of S&P Global Inc., 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.

"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 amount of required deposits, if any, to the Rebate Fund.

"Record Date" means the close of business on the 15th day of the month (whether or not a Business Day) immediately preceding such Interest Payment Date.

"Redemption Price" shall mean, with respect to any Series 202[5][6] [__] Bond, the principal amount thereof, plus the applicable premium, if any, payable upon redemption thereof pursuant to such Series 202[5][6] [__] Bond or the Indentures.

["Refunded Bonds" shall mean all of the Outstanding [____] Bonds.]

"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.

"Repaid FHLB Advances" means the particular Advances specified in the Pricing Certificate.

"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 [REPRESENTATIVE].

"Resolution" means Resolution No. [_____] authorizing the Bonds, as the same may be amended from time to time in accordance with the terms thereof.

"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 202[5][6] [__] Mortgage Certificates, including any payments received from Ginnie Mae pursuant to its guaranty of 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 202[5][6] [__] Mortgage Certificates and all other net proceeds of such 202[5][6] [__] Mortgage Certificates.

"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 202[5][6] [__] Bonds" has the meaning given to such term in the recitals hereto.

"Series 202[5][6] [__] Supplemental Indenture" has the meaning given to such term in the first paragraph hereof.

"Servicer" shall mean (i) TMS, 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 TMS, the Servicing Agreement dated as of December 30, 2024, by and between the Department and TMS; 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 202[5][6] [__] Bonds subject to scheduled mandatory redemption on the respective redemption date set forth in Section 2.6(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 202[5][6] [__] Bonds created in certain Accounts pursuant to Section 2.12 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 202[5][6] [__] 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 202[5][6] [__] Bond is discharged.

"TMS" shall mean The Money Source, Inc., a licensed lender and loan servicer.

"Transferred Proceeds" shall mean the amounts described in Section 1.148-9 of the Regulations.

"202[5][6] [__] Administrative Subaccount" shall mean the 202[5][6] [__] Administrative Subaccount within the 202[5][6] [__] Mortgage Loan Account established pursuant to Section 2.12 hereof.

"202[5][6] [__] Capitalized Interest Subaccount" shall mean the 202[5][6] [__] Capitalized Interest Subaccount within the 202[5][6] [__] Revenue Account established pursuant to Section 2.12 hereof.

"202[5][6] [__] Costs of Issuance Account" shall mean the 202[5][6] [__] Costs of Issuance Account of the Mortgage Loan Fund established pursuant to Section 2.12 hereof.

"202[5][6] [__] Down Payment Assistance Subaccount" shall mean the 202[5][6] [__] Down Payment Assistance Subaccount within the 202[5][6] [__] Mortgage Loan Account established pursuant to Section 2.12 hereof.

"202[5][6] [__] Interest Subaccount" shall mean the 202[5][6] [__] Subaccount within the Interest Account of the Debt Service Fund established pursuant to Section 2.12 hereof.

"202[5][6] [__] Mortgage Certificates" shall mean Mortgage Certificates that are purchased by the Trustee on the Issuance Date and on any future date from the proceeds of the Series 202[5][6] [__] Bonds and pledged by the Department to the Trustee pursuant to the Indenture and this 202[5][6] [__] Supplemental Indenture as described in any Letter of Instructions to the Trustee described in Section 2.16(a) hereof.

"202[5][6] [__] Mortgage Loans" shall mean the Mortgage Loans allocated to Proceeds of the Series 202[5][6] [__] Bonds.

"202[5][6] [__] Mortgage Loan Account" shall mean the 202[5][6] [__] Account of the Mortgage Loan Fund established pursuant to Section 2.12 hereof.

"202[5][6] [__] Principal Subaccount" shall mean the 202[5][6] [__] Subaccount within the Principal Account of the Debt Service Fund established pursuant to Section 2.12 hereof.

"202[5][6] [__] Proceeds Account" shall mean the 202[5][6] [__] Proceeds Account of the Mortgage Loan Fund established pursuant to Section 2.12 hereof.

"202[5][6] [__] Rebate Account" shall mean the 202[5][6] [__] Rebate Account of the Expense Fund established pursuant to Section 2.12 hereof.

"202[5][6] [__] Redemption Subaccount" shall mean the 202[5][6] [__] Subaccount within the Redemption Account of the Debt Service Fund established pursuant to Section 2.12 hereof.

"202[5][6] [__] Revenue Account" shall mean the 202[5][6] [__] Account of the Revenue Fund established pursuant to Section 2.12 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 202[5][6] [__] Bonds, yield as determined in accordance with Section 143(g)(2)(C) of the Code and (ii) with respect to the 202[5][6] [__] 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 202[5][6] [__] Supplemental Indenture. This 202[5][6] [__] Supplemental Indenture is adopted pursuant to the provisions of the Act and the Indenture.

Section 1.4 Rules of Construction.

(a) For all purposes of this 202[5][6] [__] Supplemental Indenture, unless the context requires otherwise, all references to designated Articles, Sections and other subdivisions are to the articles, sections and other subdivisions of this 202[5][6] [__] Supplemental Indenture.

(b) Except where the context otherwise requires, terms defined in this 202[5][6] [__] Supplemental Indenture 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 202[5][6] [__] Supplemental Indenture 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 202[5][6] [__] Supplemental Indenture and the Indenture which it supplements.

Section 1.5 Interpretation. The Table of Contents, titles and headings of the Articles and Sections of this 202[5][6] [__] Supplemental Indenture 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 202[5][6] [__] Supplemental Indenture, 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 202[5][6] [__] Supplemental Indenture 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 202[5][6] [__] Supplemental Indenture 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 Supplemental Indenture. Nothing in this 202[5][6] [__] Supplemental Indenture 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 202[5][6] [__] Supplemental Indenture.

Section 1.11 Governing Law. This 202[5][6] [__] Supplemental Indenture 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 such other Person.

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 202[5][6] [__] Mortgage Certificates, all amounts that may be received with respect to the 202[5][6] [__] 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 202[5][6] [__] Mortgage Certificates, to bring actions and proceedings under the 202[5][6] [__] 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 202[5][6] [__] Mortgage Certificates, and the Holders of the Bonds are by such pledge and assignment afforded a beneficial interest in the 202[5][6] [__] Mortgage Certificates.

[End of Article I]

ARTICLE II

AUTHORIZATION AND TERMS OF SERIES 202[5][6] [__] BONDS

Section 2.1 Authorization, Principal Amount, Designation, and Series. In accordance with and subject to the terms, conditions, and limitations established in the Indenture and this 202[5][6] [__] Supplemental Indenture, one Series of Single Family Mortgage Revenue [Refunding] Bonds is hereby authorized to be issued in the initial aggregate principal amount of $[PRINCIPAL]. The Department hereby determines that the issuance of the Series 202[5][6] [__] Bonds in the initial amount authorized hereby is necessary to provide funds to be used and expended for the purposes set forth in the Indenture and this 202[5][6] [__] Supplemental Indenture. Each Bond of this Series of Bonds shall be entitled "Single Family Mortgage Revenue Bond, 202[5][6] Series [__]." The terms of the Series 202[5][6] [__] Bonds shall be as set forth in Article III of the Indenture and this Article II.

Section 2.2 Purposes. The Series 202[5][6] [__] Bonds are issued in accordance with subsection 1(3)(b) of Section 302 of the Indenture for the purpose of [(i) acquiring Mortgage Loans, or participations therein, through the purchase of 202[5][6] [__] Mortgage Certificates, including the payment of legal, financing and other expenses incidental thereto and including funding loans for down payment and closing cost assistance with respect to Assisted Mortgage Loans[, repaying and/or refunding the Repaid FHLB Advances, thereby making funds available to acquire Mortgage Loans, or participations therein, through the purchase of the 202[5][6] [__] Mortgage Certificates]; (ii) the making of deposits in amounts, if any, required by the Indenture or this 202[5][6] [__] Supplemental Indenture to be paid into one or more Funds or Accounts from the proceeds of such Series of Bonds; (iii) payment of Cost of Issuance; and (iv) the payment of Department's Expenses, including paying lender compensation related to the 202[5][6] [__] Mortgage Loans][the refunding of the Refunded Bonds].

Section 2.3 Registered Bonds Only; Dates, Denominations, Numbers, and Letters.

(a) The Series 202[5][6] [__] 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 202[5][6] [__] 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, as shown by the records of the Trustee, interest on the Series 202[5][6] [__] Bonds shall be in default, the registered Series 202[5][6] [__] Bonds issued in lieu of Series 202[5][6] [__] Bonds surrendered for the transfer or exchange may be dated as of the date to which interest has been paid in full on the Series 202[5][6] [__] Bonds surrendered; provided, further, that if the date of authentication shall be prior to the first Interest Payment Date, the Series 202[5][6] [__] Bonds shall be dated as of the Issuance Date.

(c) The Series 202[5][6] [__] Bonds shall be issued in Authorized Denominations.

(d) Unless the Department shall direct otherwise, each Series 202[5][6] [__] Bond within a maturity of the Series 202[5][6] [__] Bonds shall be lettered and numbered separately from 00001 upward prefixed by the letters R, the letter M or S depending on whether the maturity is March or September, and the last two digits of the year of maturity, provided that the Initial Bond shall be numbered TR-1.

Section 2.4 Interest Payment Dates, Interest Rates and Maturities of the Series 202[5][6] [__] Bonds. The Series 202[5][6] [__] Bonds shall bear interest from the Issuance Date until maturity or prior redemption at the respective rates per annum set forth below. Interest on the Series 202[5][6] [__] 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 202[5][6] [__] 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 2.6 and Section 2.7 of this 202[5][6] [__] Supplemental Indenture and Article IV of the Indenture.

Maturity Date	Principal Amount ($)	Interest Rate

Maturity Date	Principal Amount ($)	Interest Rate

[INSERT VARIABLE RATE PROVISIONS, AS APPLICABLE]

Section 2.5 Conditions to Issuance of Series 202[5][6] [__] Bonds. The Series 202[5][6] [__] 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):

(a) 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 202[5][6] [__] Bonds will be used in a manner that would cause the Series 202[5][6] [__] Bonds to be arbitrage bonds within the meaning of Section 148(a) of the Code, and the applicable regulations promulgated 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;

(b) The amounts specified in this 202[5][6] [__] Supplemental Indenture to be deposited in the Accounts and Subaccounts as required herein; and

(c) Written confirmation from each Rating Agency that issuance of the Series 202[5][6] [__] Bonds will not cause the rating on any Outstanding Bonds (determined without regard to any bond insurance or similar credit enhancement) to be lower than Aaa by Moody's Investors Service and AA+ by S&P Global Ratings or their equivalents, as applicable.

Section 2.6 Special Redemption.

[REDEMPTION PROVISIONS TO COME]

Section 2.7 Optional Redemption.

[REDEMPTION PROVISIONS TO COME]

Section 2.8 Notice of Redemption; Selection of Series 202[5][6] [__] Bonds to Be Redeemed.

(a) The Trustee shall give notice, in the name of the Department, of the redemption of the Series 202[5][6] [__] Bonds to the holders thereof, which notice shall specify the Series 202[5][6] [__] Bonds to be redeemed, the redemption date, and the place or places where amounts due upon such redemption will be payable, and if less than all of the Series 202[5][6] [__] Bonds are to be redeemed, the letters and CUSIP numbers or other distinguishing marks, principal amounts, maturity dates and interest rates of such Series 202[5][6] [__] Bonds to be redeemed. Such notice shall further state that on such date there shall become due and payable on each Series 202[5][6] [__] Bonds 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 202[5][6] [__] Bonds to be redeemed in part only, together with interest accrued to, but not including, 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 redemption of the Series 202[5][6] [__] Bonds is conditioned upon moneys being available for such purpose on the redemption date.

(b) The Trustee shall mail a copy of such notice by first class mail, postage prepaid, not less than 30 days prior to the redemption date, nor more than 60 days to the holders of any Series 202[5][6] [__] Bonds or portions thereof which are to be redeemed, at the address shown on the registration books maintained by the Trustee.

(c) If the Series 202[5][6] [__] Bonds are registered in the name of the nominee of the Bond Depository, the Trustee shall deliver, by overnight delivery service, facsimile or such other means as may be requested by the Bond Depository in accordance with its procedures, notice of a redemption in the manner and in substantially the form described above which will allow the Series 202[5][6] [__] Bonds to be timely redeemed on the redemption date.

(d) 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 202[5][6] [__] Bonds receives the notice.

(e) A second notice of redemption shall be given promptly after the 60th day after the redemption date in the manner required above to the registered owners of redeemed Series 202[5][6] [__] Bonds that have not been presented for payment by the 60th day after the redemption date.

(f) Any notice mailed as provided in this Section shall be conclusively presumed to have been duly given upon mailing or being sent by facsimile to the latest known facsimile address, as applicable, whether or not the registered owner or other intended recipient thereof receives such notice.

(g) Except as specified in Section 2.6.2 and Section 2.6.3 hereof, the Series 202[5][6] [__] 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. A portion of any Series 202[5][6] [__] Bond may be redeemed, but only in an Authorized Denomination. While the Series 202[5][6] [__] Bonds are held by the Bond Depository, Series 202[5][6] [__] Bonds shall be selected for redemption as described in Section 2.11 hereof.

Section 2.9 Form of Series 202[5][6] [__] Bonds.

(a) Each Series 202[5][6] [__] Bond shall be in substantially the form and tenor of Exhibit A attached hereto, which Exhibit A is incorporated herein as if fully set forth in this 202[5][6] [__] Supplemental Indenture, with such omissions, insertions, and variations as permitted or required by the Indenture. The registration certificate of the Comptroller of Public Accounts of the State of Texas and the certificate of authentication of the Trustee shall be in the form set forth in Exhibit A. The Department is hereby authorized, in its discretion, to provide for the assignment of CUSIP numbers for the Series 202[5][6] [__] Bonds and to have such CUSIP numbers printed thereon, and the Department may direct the Trustee to use such CUSIP numbers in notices of redemption, provided that any such notice may state that no representation is made by the Trustee or the Department as to the correctness of such CUSIP number either as printed on the Series 202[5][6] [__] Bonds or as contained in any notice of redemption. There may be printed on or attached to each Series 202[5][6] [__] Bond registered in the name of the Bond Depository a schedule for the purpose of notation by the Bond Depository of the portion of the principal amount thereof which shall have been paid and the portion of the principal amount thereof which remains Outstanding and unpaid.

(b) Notwithstanding the foregoing, the Initial Bond shall be in the form set forth in Exhibit A, except that the form of the single fully-registered Initial Bond shall be modified as follows:

(i) Immediately under the name of the bond issue and the legends, the existing headings shall be omitted and replaced with the following headings:

"No. TR-1 Dated Date: [CLOSING DATE] $[PRINCIPAL]

Registered Owner: [REPRESENTATIVE]

Principal Amount: [_____] MILLION DOLLARS"

(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, organized and existing under and by virtue of the laws 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 [INITIAL INTEREST DATE], and each September 1 and March 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:

[Insert maturity schedule from Section 2.4 of the Supplemental Indenture.]

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 2.10 Paying Agent; Method and Place of Payment.

(a) The Trustee is hereby appointed as Paying Agent for the Series 202[5][6] [__] Bonds and the Trustee hereby accepts such appointment. The Series 202[5][6] [__] Bonds shall be payable with respect to interest and principal of and the Redemption Price in any coin or currency of the United States of America which at the time is legal tender for the payment of public and private debts. The interest on each Series 202[5][6] [__] Bond shall be payable by check or draft mailed on each Interest Payment Date to the Person in whose name such Series 202[5][6] [__] Bond is registered as of the Record Date, at the address of such Person as shown on the registry books of the Department kept and maintained by the Trustee. The principal, Redemption Price of and interest on the Series 202[5][6] [__] 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 202[5][6] [__] Bonds as permitted by the Indenture.

(b) Notwithstanding the foregoing, for so long as the Bond Depository is the exclusive registered owner of the Series 202[5][6] [__] Bonds and for owners of not less than $1,000,000 in aggregate principal amount of the Series 202[5][6] [__] Bonds, and except for the final payment of principal of the Series 202[5][6] [__] 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 owners to an account in the continental United States without the necessity of any immediate presentation and surrender of Series 202[5][6] [__] Bonds pursuant to written instructions from the registered owner.

Section 2.11 Bond Depository; Book-Entry System.

(a) The Department hereby appoints The Depository Trust Company, New York, New York, as Bond Depository for the Series 202[5][6] [__] Bonds. In accordance with the Letter of Representations, the Department shall cause the initial Series 202[5][6] [__] Bonds to be registered in the name of Cede & Co., as nominee for the Bond Depository, and to be delivered to the Bond Depository on the Issuance Date.

(b) With respect to Series 202[5][6] [__] Bonds registered in the registry books of the Department required to be maintained by the Trustee pursuant to Section 308 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 202[5][6] [__] Bonds. The Department and the Trustee may treat and consider the registered owner

of any Series 202[5][6] [__] Bond as the holder and absolute owner of such Series 202[5][6] [__] Bond for the purpose of payment of the principal and Redemption Price of and interest with respect to such Series 202[5][6] [__] Bond, for the purpose of giving notices of redemption and other matters with respect to such Series 202[5][6] [__] Bond, for the purpose of registering transfers and exchanges with respect to such Series 202[5][6] [__] Bond, and for all other purposes whatsoever. The Trustee shall pay all the principal amount and Redemption Price of and interest on the Series 202[5][6] [__] Bonds only to or upon the order of the respective registered owners of the Series 202[5][6] [__] 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 202[5][6] [__] Bonds, (ii) the delivery to any Depository Participant or any other Person, other than a registered owner of a Series 202[5][6] [__] Bond as shown in the registry books required to be kept and maintained pursuant to Section 308 of the Indenture, of any notice with respect to the Series 202[5][6] [__] 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 202[5][6] [__] Bond, of any amount with respect to any Series 202[5][6] [__] Bond. The rights of Depository Participants and Persons on behalf of whom any Depository Participant holds a beneficial interest in Series 202[5][6] [__] 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 202[5][6] [__] 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 202[5][6] [__] Bonds is not in the best interest of such owners of beneficial interests in the Series 202[5][6] [__] Bonds, then the Department shall direct the Bond Depository to terminate the existing book-entry system for ownership of interests in the Series 202[5][6] [__] 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 202[5][6] [__] Bonds, if one is available satisfactory to the Department, and the ownership of all Series 202[5][6] [__] Bonds shall be transferred on the registry books required to be kept and maintained pursuant to Section 308 of the Indenture to such successor Bond Depository, or its nominee. In the alternative, the Department may direct the Trustee, in writing, 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 202[5][6] [__] Bonds, of the availability of Bonds registered in the names of such Persons as are owners of beneficial interests in the Series 202[5][6] [__] Bonds and, upon surrender to the Trustee of the Outstanding Series 202[5][6] [__] 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 202[5][6] [__] Bonds, in Authorized Denominations, to the owners of beneficial interests in the Series 202[5][6] [__] Bonds as of the date of the termination of the existing book-entry ownership system for the Series 202[5][6] [__] 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 202[5][6] [__] Bonds, all of the Series 202[5][6] [__] Bonds must be held under such book-entry system. Prior to any transfer of the Series 202[5][6] [__] Bonds outside the Book-Entry Only system (including, but not limited to, the initial transfer outside the Book-Entry Only system) the transferor 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 202[5][6] [__] Supplemental Indenture, 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 2.12 Creation of Additional Funds, Accounts and Subaccounts and Application Thereof.

(a) Pursuant to the provisions of subsection 4 of Section 713 of the Indenture, there is established by this Section 2.12, for the Series 202[5][6] [__] Bonds, an Account in each Fund and a Subaccount in each Account

established by Section 502 of the Indenture. Each such Account and Subaccount shall be known and designated as the 202[5][6] [__] Account or Subaccount followed by the appropriate reference to the Fund or the Account within the Fund to which such Account or Subaccount relates. In addition, there are hereby established for the Series 202[5][6] [__] Bonds the following additional Funds, Accounts and Subaccounts:

(i) (A) within the Mortgage Loan Fund, (1) a temporary Account to be known and designated as the 202[5][6] [__] Proceeds Account, and (2) a temporary Account to be known and designated as the 202[5][6] [__] Costs of Issuance Account, and (B) within the 202[5][6] [__] Mortgage Loan Account, (1) the 202[5][6] [__] Down Payment Assistance Subaccount; and (2) the 202[5][6] [__] Administrative Subaccount;

(ii) within the 202[5][6] [__] Revenue Account, a 202[5][6] [__] Capitalized Interest Subaccount; and

(iii) within the Expense Fund held by the Department, an additional Account designated as the 202[5][6] [__] Rebate Account.

The Department may also, pursuant to a Letter of Instructions, establish additional Accounts and Subaccounts for such purposes as the Department may determine from time to time.

(b) Unless an Event of Default shall have occurred and be continuing, Revenues from the 202[5][6] [__] Mortgage Certificates or from the investment or reinvestment of moneys on deposit in each Account or Subaccount for the Series 202[5][6] [__] Bonds shall be kept separate and apart from the Revenues attributable to other Mortgage Loans or other Mortgage Certificates or attributable to the investment and reinvestment of the moneys on deposit under the Indenture with respect to any other Series. The Accounts and Subaccounts described in this Section shall be for the equal benefit of the Holders of all of the Bonds. The segregation of the Accounts and Subaccounts as required by this Section 2.12 is for the purpose of making the calculations required by Sections 143(g) and 148 of the Code, and is not for the purpose of giving a priority or preference to the Bonds of one Series over that of another Series. Except as provided in this Section, the Revenues and proceeds of a Series shall continue to be used as provided in Article V of the Indenture.

(c) The Costs of Issuance incurred by the Department in connection with the issuance of the Series 202[5][6] [__] Bonds shall be payable from amounts deposited in the 202[5][6] [__] Costs of Issuance Account.

(d) Deposits to and Transfers from the 202[5][6] [__] Revenue Account.

(i) In accordance with Section 504 of the Indenture, all payments received with respect to the 202[5][6] [__] Mortgage Certificates shall be deposited in the 202[5][6] [__] Revenue Account.

(ii) Pursuant to subsection 2 of Section 505 of the Indenture, the Trustee shall transfer from the Revenue Fund amounts on deposit therein in the following order of priority:

(1) First, on each Interest Payment Date or any other date for the redemption of the Series 202[5][6] [__] Bonds, to the 202[5][6] [__] Interest Subaccount, 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 202[5][6] [__] Bonds on such Interest Payment Date or redemption date;

(2) Second, monthly, upon receipt of Mortgage Loan Principal Payments, to the 202[5][6] [__] Principal Subaccount, one-sixth of the amount required to pay maturing principal and the unsatisfied balance of any Sinking Fund Installment on any Series 202[5][6] [__] Bonds on the next Interest Payment Date; and

(3) Third, monthly, upon receipt of Mortgage Loan Principal Payments, to the 202[5][6] [__] Redemption Subaccount, any remaining Mortgage Loan Principal Payments to be applied monthly to the redemption of Series 202[5][6] [__] Bonds pursuant to Section 2.6(b) hereof.

(iii) On or after each Interest Payment Date and pursuant to a Letter of Instructions, the Trustee shall transfer to the 202[5][6] [__] Redemption Subaccount from the 202[5][6] [__] Revenue Account the amount in such Account after taking into account (1) the provision for payment of Debt Service on the Series 202[5][6] [__] Bonds on such Interest Payment Date, (2) the required transfers of the amounts to the 202[5][6] [__] Redemption Subaccount and the 202[5][6] [__] Principal Subaccount pursuant to Section 2.12(d)(ii) of this 202[5][6] [__] Supplemental Indenture, and (3) the payment of Department Expenses in accordance with subsection 1 of Section 505 of the Indenture, and such excess revenues shall be used to redeem Series 202[5][6] [__] Bonds in accordance with Section 2.6(c) hereof.

Section 2.13 Initial Deposits and Transfers into Accounts and Subaccounts. The proceeds of the Series 202[5][6] [__] Bonds initially shall be deposited by the Trustee in the 202[5][6] [__] Proceeds Account. There shall be deposited, out of the proceeds of the Series 202[5][6] [__] Bonds, the amounts specified in the Letter of Instructions to the Trustee authorizing the authentication and delivery of the Series 202[5][6] [__] Bonds, into the Funds, Accounts and Subaccounts specified therein. After completion of such transfers, the 202[5][6] [__] Proceeds Fund shall be closed. After payment of all costs, any funds remaining in the 202[5][6] [__] Costs of Issuance Account shall be transferred to the Surplus Revenues Account pursuant to a Letter of Instructions.

Section 2.14 Transfer of and Representations and Covenants Relating to [_____] Transferred Mortgage Certificates. All [_____] Transferred Mortgage Certificates are hereby allocated to the [_____] Mortgage Loan Account. The Department represents and covenants that each of the [_____] Transferred Mortgage Certificates is a Mortgage Loan that, at the date of acquisition, met the requirements set forth in Section 705 of the Indenture.

Section 2.15 202[5][6] [__] Rebate Account.

(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 3.6(a)(ii) hereof. 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 202[5][6] [__] Rebate Account to make the payment required by Section 3.6(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 202[5][6] [__] Rebate Account from the Revenue Fund and the Trustee shall transfer from the 202[5][6] [__] Revenue Account to the 202[5][6] [__] Rebate Account the amounts so specified, all in accordance with Section 505(1) 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 202[5][6] [__] Rebate Account to the Revenue Fund the amount then on deposit in the 202[5][6] [__] Rebate Account.

(b) All earnings resulting from the investment of amounts on deposit in the 202[5][6] [__] Rebate Account shall be credited to the 202[5][6] [__] Rebate Account.

(c) No later than 55 days after each Computation Date for the Series 202[5][6] [__] Bonds, the Department shall deliver the items set forth in Section 3.6(a) to the Trustee. Not later than 60 days after each Computation Date for the Series 202[5][6] [__] Bonds, the Trustee shall withdraw from the 202[5][6] [__] Rebate Account the amounts described in Section 3.6(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 3.6(a)(ii) hereof 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 3.6(b) hereof and shall deliver to the Trustee any documents required pursuant Section 3.6(b) hereof. Upon receipt of such amount and documentation relating thereto, the Trustee shall withdraw from the 202[5][6] [__] Rebate Account the amounts described in Section 3.6(b) hereof 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 202[5][6] [__] Bonds.

Section 2.16 202[5][6] [__] Mortgage Loan Account. The 202[5][6] [__] Mortgage Loan Account established pursuant to Section 2.12(a) 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, 202[5][6] [__] Mortgage Certificates. On [_____], unless the Certificate Purchase Period is extended in accordance with Section 2.17 hereof, unexpended Proceeds of the Series 202[5][6] [__] Bonds shall be transferred from the 202[5][6] [__] Mortgage Loan Account to the 202[5][6] [__] Redemption Subaccount in accordance with Section 2.6(a) hereof.

Section 2.17 202[5][6] [__] Mortgage Certificate Acquisition.

(a) As instructed by the Department, the Trustee shall use amounts on deposit in the 202[5][6] [__] Mortgage Loan Account to acquire the 202[5][6] [__] Mortgage Certificates as more particularly described in a Letter of Instructions.

(b) The purchase of the 202[5][6] [__] Mortgage Loans shall be accomplished through the purchase of Ginnie Mae Certificates in accordance with the Program Agreement, and no 202[5][6] [__] 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 202[5][6] [__] Mortgage Certificate. Following the purchase of any 202[5][6] [__] Mortgage Certificate, all payments received by the Trustee with respect thereto shall be deemed to be payments of principal and interest with respect to the 202[5][6] [__] Mortgage Loans included in the Mortgage Pool pertaining to such 202[5][6] [__] Mortgage Certificate.

(c) On each applicable Certificate Purchase Date, the Trustee shall purchase Ginnie Mae Certificates at the Ginnie Mae Certificates Purchase Price, from amounts available in the 202[5][6] [__] Mortgage Loan Account in accordance with this subsection (c) unless otherwise instructed by the Department in a Letter of Instructions.

(d) Each 202[5][6] [__] 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.

Section 2.18 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 2.18, the Trustee shall transfer the amounts in the 202[5][6] [__] Mortgage Loan Account remaining unexpended for acquisition of 202[5][6] [__] Mortgage Certificates in such amounts as provided in a Letter of Instructions from the 202[5][6] [__] Mortgage Loan Account to the 202[5][6] [__] Special Redemption Account to be applied to the redemption of Series 202[5][6] [__] Bonds pursuant to Section 2.6(a) hereof. The Certificate Purchase Period for amounts in the 202[5][6] [__] Mortgage Loan Account may be extended to a date certain as set out in a Letter of Instructions to the Trustee, 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:

(a) a Favorable Opinion of Bond Counsel; and

(b) confirmation from each Rating Agency that such extension will not adversely affect the rating on the Series 202[5][6] [__] 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.

[End of Article II]

ARTICLE III

FEDERAL INCOME TAX MATTERS

Section 3.1 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 202[5][6] [__] 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 202[5][6] [__] Bonds. The Department and the Trustee may amend this 202[5][6] [__] Supplemental Indenture to reflect the deletion or substitution of any such requirement specified in this Article III 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 III if the Department has received a Favorable Opinion of Bond Counsel regarding such noncompliance.

Section 3.2 Use of Proceeds. The Department covenants that:

(a) all of the Proceeds of the Series 202[5][6] [__] Bonds (other than amounts used to pay Costs of Issuance of the Series 202[5][6] [__] Bonds) will be used to (i) finance owner-occupied residences [or (ii) repay Advances within 90 days of the Issue Date of the Series 202[5][6] [__] Bonds];

(b) the Proceeds of the Series 202[5][6] [__] Bonds will not be used in a way that would cause the Series 202[5][6] [__] Bonds to meet the private business use tests set forth in Section 141(b) of the Code;

(c) all Sale Proceeds of the Series 202[5][6] [__] Bonds and any Investment Proceeds thereon 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 202[5][6] [__] Bonds or (ii) to the extent not so used, will be used to redeem Series 202[5][6] [__] Bonds within such period; and no portion of the Proceeds of the Series 202[5][6] [__] Bonds will be used to finance any 202[5][6] [__] Mortgage Loan or DPA Loan or to acquire any Mortgage Certificate after the close of such period; and

(d) [all Transferred Proceeds of the Series 202[5][6] [__] Bonds resulting from the repayment of Advances and any Investment Proceeds thereon 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 earliest Advance or (ii) to the extent not so used, will be used to redeem Series 202[5][6] [__] Bonds within such period, and no portion of such Proceeds of the Series 202[5][6] [__] Bonds will be used to finance any 202[5][6] [__] Mortgage Loan or DPA Loan or to acquire any Mortgage Certificate after the close of such period.]

Section 3.3 Mortgage Eligibility Requirements.

(a) The Department covenants: (i) to attempt in good faith to meet, with respect to each 202[5][6] [__] 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 (b), (c), (d), (e) and (f), respectively, of this Section 3.3), by placing restrictions in the Program Agreement or other similar agreements that permit the origination and purchase of 202[5][6] [__] 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 202[5][6] [__] Mortgage Loan meets such requirements; (ii) to use all due diligence to assure that all of the Proceeds of the Series 202[5][6] [__] Bonds that are applied to the financing of 202[5][6] [__] Mortgage Loans are applied to finance 202[5][6] [__] 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 202[5][6] [__] Mortgage Loan to be accelerated or to be replaced with a 202[5][6] [__] Mortgage Loan that meets such requirements if the non-qualifying 202[5][6] [__] 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 Mortgages 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 202[5][6] [__] 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 202[5][6] [__] 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 202[5][6] [__] 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 202[5][6] [__] Mortgage Loan, a present ownership interest in a principal residence; provided, however, that (i) the Department may purchase 202[5][6] [__] 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 202[5][6] [__] 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 202[5][6] [__] 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 202[5][6] [__] 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 202[5][6] [__] 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 202[5][6] [__] Mortgage Loan, a certification of the Borrower and other appropriate evidence demonstrating that, in accordance with Section 143(i) of the Code, the 202[5][6] [__] 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 202[5][6] [__] Mortgage Loan at any time prior to the execution of the 202[5][6] [__] 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 not to permit the assumption of any 202[5][6] [__] Mortgage Loan unless the requirements described in subsection (b), (c), (d) and (e), respectively, of this Section 3.3 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 (f).

(g) The Department covenants to require and the Program Agreement requires, that each 202[5][6] [__] 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 202[5][6] [__] Mortgage Loan.

(h) The following terms used in this Section 3.3 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 3.4 Targeted Area Residences. The Department covenants that an amount equal to at least 20% of the Sale Proceeds of the Series 202[5][6] [__] Bonds and Investment Proceeds thereon that are made available for the purchase of 202[5][6] [__] 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 3.5 Mortgage Rate. The Department will take all actions necessary to ensure that the blended Yield on the 202[5][6] [__] Mortgage Loans properly allocable under Sections 1.148-1 through 1.148-10 of the Regulations to the Series 202[5][6] [__] Bonds will not exceed the Yield on the Series 202[5][6] [__] 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 202[5][6] [__] Mortgage Loans exceeds the Yield on the Series 202[5][6] [__] 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 3.6 Rebate Requirement. The Department covenants to comply with the requirement that "rebatable arbitrage earnings" on the investment of the Gross Proceeds of the Series 202[5][6] [__] 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 will deliver to the Trustee, within 55 days after each Computation Date for the Series 202[5][6] [__] Bonds,

(i) a statement, signed by an Authorized Representative of the Department, stating the Rebate Amount for the Series 202[5][6] [__] 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 202[5][6] [__] Rebate Account, 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 202[5][6] [__] 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 202[5][6] [__] Rebate Account 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 202[5][6] [__] 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 3.6(a)(ii) above has not been paid as required pursuant to Section 2.14 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 202[5][6] [__] Rebate Account) and cause the Trustee to pay to the United States of America from the 202[5][6] [__] Rebate Account (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 202[5][6] [__] 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 3.6 for at least three years after the later of (i) the final maturity of the Series 202[5][6] [__] Bonds or (ii) the first date on which no Series 202[5][6] [__] Bonds are 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 Arbitrage 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 202[5][6] [__] 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 202[5][6] [__] 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 3.6, 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 "rebatable 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 202[5][6] [__] Supplemental Indenture 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 3.7 No-Arbitrage Covenant. The Department covenants that it will make such use of the Gross Proceeds of the Series 202[5][6] [__] Bonds and related Revenues, regulate investments of proceeds of the Series 202[5][6] [__] Bonds and related Revenues, and take such other and further action as may be required so that the

Series 202[5][6] [__] 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 3.7 and Section 3.8 hereof.

Section 3.8 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 202[5][6] [__] Bonds that is invested in Nonpurpose Investments and at a yield higher than the yield on such Series 202[5][6] [__] Bonds, exceed the least of (i) 10% of the Sale Proceeds of the Series 202[5][6] [__] 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 3.9 Limitations on Costs of Issuance. The Department covenants that the Costs of Issuance financed with the Proceeds of the Series 202[5][6] [__] Bonds will not exceed two percent of the Sale Proceeds of the Series 202[5][6] [__] Bonds.

Section 3.10 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 202[5][6] [__] 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 3.11 Information Reporting. The Department covenants 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 202[5][6] [__] Bonds are issued, an information statement concerning the Series 202[5][6] [__] 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 3.12 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 202[5][6] [__] 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 3.13 Use of Repayments to Redeem Series 202[5][6] [__] Bonds. So long as any of the Series 202[5][6] [__] Bonds are Outstanding, the Department covenants that the portion of each Mortgage Loan Principal Payment allocable to the Series 202[5][6] [__] Bonds received on or after the ten year anniversary of the Issuance Date (or, in the case of the portion of a Mortgage Loan Principal Payment related to the 202[5][6] [__] Mortgage Certificates purchased with transferred proceeds of the Series 202[5][6] [__] Bonds, the ten-year anniversary of the date of issuance of the original bond issue) will be used to redeem Series 202[5][6] [__] 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 2.6 with respect to the use of such payments to redeem other Bonds.

Section 3.14 Recapture. The Department covenants 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 202[5][6] [__] Mortgage Loan.

Section 3.15 Bonds are not Hedge Bonds. The Department covenants that not more than 50% of the Sale Proceeds of the Series 202[5][6] [__] 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 202[5][6] [__] Bonds will be used to carry out the governmental purposes of the Series 202[5][6] [__] Bonds within the three-year period beginning on the Issuance Date.

Section 3.16 Sale of 202[5][6] [__] Mortgage Certificates. Notwithstanding any other provision of the Indenture, the Department may sell the 202[5][6] [__] 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 202[5][6] [__]

Mortgage Certificates, or the Series 202[5][6] [__] 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 3.17 Record Retention. The Department will retain all pertinent and material records relating to the use and expenditure of the proceeds of the Series 202[5][6] [__] Bonds until three years after the last Series 202[5][6] [__] Bonds 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 202[5][6] [__] Bonds by the Internal Revenue Service.

Section 3.18 Continuing Obligation. Notwithstanding any other provision of this 202[5][6] [__] Supplemental Indenture, the Department's obligations under the covenants and provisions of this Article III will survive the defeasance and discharge of the Series 202[5][6] [__] Bonds for as long as such matters are relevant to the excludability of interest on the Series 202[5][6] [__] Bonds from gross income for federal income tax purposes.

[End of Article III]

ARTICLE IV

MISCELLANEOUS

Section 4.1 Sale of Series 202[5][6] [__] Bonds. The Series 202[5][6] [__] Bonds authorized to be issued herein in the aggregate principal amount of $[PRINCIPAL] shall be sold to the Underwriters at an aggregate purchase price $210,833,049.65 (representing the par amount of the Series 202[5][6] [__] Bonds plus a premium in the amount of $10,833,049.65), on the terms and conditions set forth in the Purchase Agreement, and upon the basis of the representations therein set forth.

Section 4.2 Certain Duties of the Department. The Department covenants that, in addition to such other duties as may be required under the Indenture and this 202[5][6] [__] Supplemental Indenture 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 the Indenture during any period in which the Series 202[5][6] [__] Bonds remain Outstanding. [Prior to an Event of Default and so long as the Series 202[5][6] [__] Bonds remain Outstanding, the Department will not use Mortgage Loan Principal Payments on the [_____] Transferred Mortgage Certificates for the purpose of paying Department Expenses.]

Section 4.3 No Recourse on Series 202[5][6] [__] Bonds. No recourse shall be had for payment of the principal or Redemption Price of or interest on the Series 202[5][6] [__] Bonds or for any claim based thereon or on this 202[5][6] [__] Supplemental Indenture against any Board member, officer or employee of the Department or the Trustee or any person executing or authenticating the Series 202[5][6] [__] Bonds, and neither the Board members, officers or employees of the Department or the Trustee nor any person executing or authenticating the Series 202[5][6] [__] Bonds shall be liable personally on the Series 202[5][6] [__] Bonds by reason of the issuance thereof.

Section 4.4 [Redemption of Refunded Bonds. The Department has instructed the Trustee to redeem the Refunded Bonds.]

Section 4.5 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 202[5][6] [__] 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 4.6 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 4.7 Execution in Several Counterparts. This 202[5][6] [__] Supplemental Indenture 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 4.8 [Sale of [_____] Transferred Mortgage Certificates. Notwithstanding any other provision of the Indenture, the Department may sell the [_____] Transferred Mortgage Certificates in whole or in part only upon delivery by the Department of 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 4.9 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 202[5][6] [__] Supplemental Indenture 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 202[5][6] [__] Supplemental Indenture;

(iv) enforce any of the documents executed in connection with this 202[5][6] [__] Supplemental Indenture;

(v) preserve and defend title to the Trust Estate and the rights of Trustee and of owners of the Series 202[5][6] [__] 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 4.7; 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 4.7 shall arise only if the Trustee has actual knowledge by notice in writing of any failure of the Department to comply with the provisions of this Section 4.7. 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 4.7(b) or Section 1205 of the Indenture and when filing any continuation statements in the same filing offices as the initial filings were made.

Section 4.10 Notices to Department, Trustee and Paying Agent. All notices, demands and requests to be given to or made hereunder to the Department, the Trustee or the Paying Agent shall be given or made in writing and shall be deemed to be properly given or made if sent by United States certified or registered mail, return receipt requested, postage prepaid, addressed as follows:

(a) As to the Department:

Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78701-2410
Attention: Executive Director

(b) As to the Trustee and Paying Agent:

The Bank of New York Mellon Trust Company, N.A.
4655 Salisbury Road, Suite 300
Jacksonville, Florida 32256
Attention: Richard Dillard

Section 4.11 [Investment Securities. The [NAME OF INVESTMENT AGREEMENT] by and among [INVESTMENT PROVIDER], the Department, the Texas Treasury Safekeeping Trust Company and the Trustee, dated as of the Issuance Date is hereby included as a permitted "Investment Security" with respect to the Bonds.]

Section 4.12 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 202[5][6] [__] Supplemental Indenture, [the 202[5][6] [__] Supplemental Indenture,] Depository Agreement and the Continuing Disclosure Agreement dated as of [DOC DATE], between the Department and the Trustee (the "Disclosure Agreement", and together with the 202[5][6] [__] Supplemental Indenture, [the 202[5][6] [__] Supplemental Indenture] 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 4.12(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 4.13 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 4.14 Letter of Instructions; 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.

Section 4.15 Responsibilities of the 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 202[5][6] [__] Supplemental Indenture 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.

[End of Article IV]

IN WITNESS WHEREOF, the Department and the Trustee have caused this 202[5][6] [__] Supplemental Indenture to be signed 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

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as Trustee

By:_____
Authorized Officer

EXHIBIT A

FORM OF BOND

UNITED STATES OF AMERICA

STATE OF TEXAS

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

SINGLE FAMILY MORTGAGE REVENUE BOND

202[5][6] SERIES [__]

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, organized and existing under and by virtue of the laws 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, calculated on the basis of a 360-day year composed of twelve 30-day months, payable [INITIAL INTEREST DATE], and [on each September 1 and March 1 thereafter][on the first day of each month, commencing [INITIAL INTEREST DATE]], 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"). Notwithstanding the foregoing, in no event shall the cumulative amount of interest paid or payable on any Bond

[1] To be included only in bonds registered in the name of DTC or its nominees.

(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 [INITIAL INTEREST DATE], 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 "Single Family Mortgage Revenue [Refunding] 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"), [Chapter 1207, Texas Government Code, as amended,] and Chapter 1371, Texas Government Code, as amended, and under and pursuant to an indenture of the Department entitled "Amended and Restated Single Family Mortgage Revenue Bond Trust Indenture" dated as of June 1, 2017, which amends and restates the Single Family Mortgage Revenue Bond Trust Indenture dated as of October 1, 1980, as amended and supplemented (herein called the "Indenture"), and a supplemental indenture of the Department entitled "[NUMBER] Supplemental Single Family Mortgage Revenue Bond Trust Indenture" dated as of [DOC DATE], authorizing the series of Bonds of which this Bond is a part (herein called the "Supplemental Indenture" 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 "Single Family Mortgage Revenue [Refunding] Bonds, 202[5][6] Series [__]" (herein sometimes called the "Series 202[5][6] [__] Bonds") issued in the aggregate initial principal amount of $[PRINCIPAL] under the Indentures for the purpose of [(i) acquiring Mortgage Loans, or participations therein, through the purchase of 202[5][6] [__] Mortgage Certificates, including the payment of legal, financing and other expenses incidental thereto and including funding loans for down payment and closing cost assistance with respect to Assisted Mortgage Loans [, repaying and/or currently refunding the Repaid FHLB Advances, thereby making funds available to acquire Mortgage Loans, or participations therein, through the purchase of the 202[5][6] [__] Mortgage Certificates]; (ii) the making of deposits in amounts, if any, required by the Indenture or this 202[5][6] [__] Supplemental Indenture to be paid into one or more Funds or Accounts from the proceeds of such Series of Bonds; (iii) payment of Cost of Issuance; and (iv) the payment of Department's Expenses, including paying lender compensation related to the 202[5][6] [__] Mortgage Loans][the refunding of the Refunded Bonds]. 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 202[5][6] [__] 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 and, in case such modification or amendment would change the terms of any sinking fund installment, with such consent of the holders of at least 2/3 in principal amount of the Bonds of the particular Series and maturity entitled to such sinking fund installment then outstanding; 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 a change in the terms of redemption or maturity of the principal of any outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or Redemption Price thereof or in the rate of interest thereon without the consent of the holder of such Bond, or shall reduce the percentages or otherwise affect the classes of Bonds, the consent of the holders of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of the Trustee or of any paying agent without its written assent thereto.

The Series 202[5][6] [__] Bonds are subject to redemption prior to stated maturity as set forth in the Supplemental Indenture.

In lieu of redeeming Series 202[5][6] [__] Bonds, the Department has reserved the right in subsection 5 of Section 506 of the Indenture to purchase such Bonds at a price (excluding accrued interest but including any brokerage or other charges) no greater than the applicable Redemption Price of such Bonds.

The Series 202[5][6] [__] Bonds are payable upon redemption at the applicable office of the Trustee. Written notice of redemption shall be provided to the registered owner of the Bond to be redeemed as shown on the registry books of the Trustee, in the manner, at the times and upon the terms and conditions set forth in the Indentures. If notice of redemption shall have been given as aforesaid, the Series 202[5][6] [__] 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, money for the redemption of all the Bonds or portions thereof to be redeemed, together with interest to, but not including, the redemption date, shall be available for such payment on said date, then from and after the redemption

[2] To be deleted from the Initial Bond.

date interest on such 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 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 nor 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 THE 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]

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

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

[[____] TRANSFERRED MORTGAGE CERTIFICATES]

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

[NUMBER] SUPPLEMENTAL SINGLE FAMILY 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

$[PRINCIPAL]
SINGLE FAMILY MORTGAGE REVENUE [REFUNDING] BONDS
202[5][6] SERIES [__]
(TAXABLE)

Dated as of [DOC DATE]

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[NUMBER] SUPPLEMENTAL SINGLE FAMILY
MORTGAGE REVENUE BOND TRUST INDENTURE

AUTHORIZING

$[PRINCIPAL]
SINGLE FAMILY MORTGAGE REVENUE [REFUNDING] BONDS
202[5][6] SERIES [__]
(TAXABLE)

THIS [NUMBER] SUPPLEMENTAL SINGLE FAMILY MORTGAGE REVENUE BOND TRUST INDENTURE dated as of [DOC DATE] (together with any amendments hereto, this "202[5][6] [__] Supplemental Indenture"), 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 (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 Single Family Mortgage Revenue Bond Trust Indenture dated as of June 1, 2017, 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 Single Family 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, the Department is authorized under the Act and Chapter 1207, Texas Government Code, as amended, to issue bonds to refund its outstanding obligations and is authorized under the Indenture to issue bonds to refund Bonds issued under the Indenture; and

WHEREAS, Section 1207.002, Texas Government Code, as amended, authorizes the Department to issue refunding bonds to refund all or any part of the Department's outstanding bonds, notes or other general or special obligations; and]

WHEREAS, Sections 1001 and 1002 of the Indenture authorize the Department to adopt and file with the Trustee, a supplemental indenture, authorizing Bonds of a Series and, among other things, to include any other matters and things relative to such Bonds which are not contrary to or inconsistent with the Indenture, to add to the covenants and agreements of the Department, and to pledge other moneys, securities or funds as part of the Trust Estate; and

WHEREAS, pursuant to the Act and Chapter 1371, Texas Government Code, as amended ("Chapter 1371"), the Department has determined to issue its Single Family Mortgage Revenue [Refunding] Bonds, 202[5][6] Series [__] (Taxable) (the "Series 202[5][6] [__] Bonds") in an aggregate principal amount of $[PRINCIPAL] pursuant to the Indenture and this 202[5][6] [__] Supplemental Indenture for the purpose of [(i) acquiring Mortgage Loans, or participations therein, through the purchase of 202[5][6] [__] Mortgage Certificates, including the payment of legal, financing and other expenses incidental thereto and including funding loans for down payment and closing cost assistance with respect to Assisted Mortgage Loans; (ii) the making of deposits in amounts, if any, required by the Indenture or this 202[5][6] [__] Supplemental Indenture to be paid into one or more Funds or Accounts from the proceeds of such Series of Bonds; (iii) payment of Cost of Issuance; and (iv) the payment of Department's Expenses, including paying lender compensation related to the 202[5][6] [__] Mortgage Loans][the refunding of its Outstanding Single Family Mortgage Revenue Bonds, [_____] ([collectively,] the "Refunded Bonds")]], all under and in accordance with the Constitution and laws of the State; and

[WHEREAS, concurrently with the execution of this 202[5][6] [__] Supplemental Indenture, the Department and the Trustee are also entering into that certain [NUMBER] Supplemental Residential Mortgage Revenue Bond Trust Indenture of even date herewith (together with any amendments thereto, the "202[5][6] [__] Supplemental Indenture") by and between the Department and the Trustee, pursuant to which the Department intends to issue its Residential Mortgage Revenue [Refunding] Bonds, [Taxable] Series 202[5][6] [__] (the "Series 2024D Bonds", and together with the Series 202[5][6] [__] Bonds, the "Series 202[5][6][__] Bonds") for the purposes described in the 202[5][6] [__] Supplemental Indenture; and]

WHEREAS, the execution and delivery of this 202[5][6] [__] Supplemental Indenture and the issuance of the Series 202[5][6] [__] 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 202[5][6] [__] Supplemental Indenture 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 202[5][6] [__] Supplemental Indenture have happened, exist and have been performed as so required in order to make the Indenture, as supplemented by this 202[5][6] [__] Supplemental Indenture, a valid, binding and legal instrument for the security of the Series 202[5][6] [__] 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 202[5][6] [__] 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 202[5][6] [__] 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 (except to the extent that such benefit is not equal and proportionate pursuant to the terms of the Indenture and any supplemental indenture thereunder) of the respective holders from time to time of the Bonds, including the Series 202[5][6] [__] Bonds as follows:

ARTICLE I

DEFINITIONS, STATUTORY AUTHORITY AND PLEDGE OF SECURITY

Section 1.1 Supplemental Indenture. This 202[5][6] [__] Supplemental Indenture is supplemental to, and is adopted in accordance with, Articles III and 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 202[5][6] [__] Supplemental Indenture (other than in the form of Series 202[5][6] [__] Bond set forth in Exhibit A hereto) as such defined terms are given in Section 101 of the Indenture and in Section 1.2 of the [____] Supplemental Indenture.

(b) As used in this 202[5][6] [__] Supplemental Indenture (other than in the form of Series 202[5][6] [__] 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 special trust accounts pertaining to the Series 202[5][6] [__] Bonds created and established in Section 502 of the Indenture and Section 2.12 hereof.

"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 of the Department, the Executive Director of the Department, the Director of Administration of the Department, the Director of Financial Administration of the Department, the Deputy Executive Director of Housing Finance of the Department and the Secretary or any Assistant Secretary to the Board] or any officer or employee 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 2.11 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 202[5][6] [__] Mortgage Certificate by the Trustee which represents the number of days of interest on such 202[5][6] [__] 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 202[5][6] [__] 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 in accordance with Section 2.18 of this 202[5][6] [__] Supplemental Indenture.

"Chapter 1371" has the meaning given to such term in the recitals hereto.

"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.

"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.

"Department" has the meaning given to such term in the first paragraph hereof.

"Depository" shall mean the Texas Treasury Safekeeping Trust Company, acting in accordance with the Depository Agreement, and any successor depository appointed pursuant to Section 601 of the Indenture.

"Depository Agreement" shall mean the Amended and Restated Depository Agreement dated as of August 1, 1991, among the Department, the Trustee and the Depository, relating to the Bonds, together with any amendments or supplements thereto.

"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 a 202[5][6] [__] 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.

"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.

"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 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 202[5][6] [__] 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.

"Indenture" shall mean, the Amended and Restated Single Family Mortgage Revenue Bond Trust Indenture dated as of June 1, 2017, between the Department and the Trustee as supplemented and amended from time to time.

"Initial Bond" means the Series 202[5][6] [__] Bond approved by the Attorney General of the State of Texas and registered by the Comptroller.

[NEW MONEY]"Interest Payment Date" shall mean, with respect to the Series 202[5][6] [__] Bonds, each March 1 and September 1, commencing [INITIAL INTEREST DATE], and any other date on which the Series 202[5][6] [__] Bonds are subject to redemption.

[REFUNDING]"Interest Payment Date" shall mean, with respect to the Series 202[5][6] [__] Bonds, the first day of each month, commencing [INITIAL INTEREST DATE], and any other date on which the Series 202[5][6] [__] Bonds are subject to redemption.

"Issuance Date" shall mean [CLOSING DATE], the date of initial issuance and delivery of the Series 202[5][6] [__] Bonds to the Underwriters, as initial purchasers thereof, in exchange for payment of the purchase price of such Series 202[5][6] [__] Bonds.

"Letter of Instructions" shall mean, with respect to the Series 202[5][6] [__] 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 Payments" shall mean all Mortgage Loan Principal Prepayments and all regularly scheduled payments of principal with respect to all Mortgage Loans included in the 202[5][6] [__] [Transferred] Mortgage Certificates.

"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.

"Optional Redemption Date" shall mean [OPTIONAL REDEMPTION DATE].

"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 rates accruing for each month on a 202[5][6] [__] Mortgage Certificate, which will equal the mortgage rate of the 202[5][6] [__] Mortgage Loans backing the 202[5][6] [__] Mortgage Certificate less servicing and guaranty fees, which fees are retained by the Servicer.

"Paying Agent" shall mean the Trustee.

"Pricing Certificate" means the certificate dated [_____], setting forth the final terms for the Series 202[5][6] [__] Bonds, executed by an Authorized Representative in accordance with the Resolution.

"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 February 21, 2025, 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 202[5][6] [__] Bonds by the Underwriters.

"Rating Agency" shall mean: (i) S&P Global Ratings, a division of S&P Global Inc., 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.

"Record Date" means the close of business on the 15th day of the month (whether or not a Business Day) immediately preceding such Interest Payment Date.

"Redemption Price" shall mean, with respect to any Series 202[5][6] [__] Bond, the principal amount thereof, plus the applicable premium, if any, payable upon redemption thereof pursuant to such Series 202[5][6] [__] Bond or the Indentures.

["Refunded Bonds" shall mean all of the Outstanding [_____] Bonds.]

"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.

"Representative" shall mean [REPRESENTATIVE].

"Resolution" means Resolution No. [_____] authorizing the Bonds, as the same may be amended from time to time in accordance with the terms thereof.

"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 202[5][6] [__] Mortgage Certificates, including any payments received from Ginnie Mae pursuant to its guaranty of 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 202[5][6] [__] Mortgage Certificates and all other net proceeds of such 202[5][6] [__] Mortgage Certificates.

"Series 202[5][6] [__] Bonds" has the meaning given to such term in the recitals hereto.

"Series 202[5][6] [__] Supplemental Indenture" has the meaning given to such term in the first paragraph hereof.

"Servicer" shall mean (i) TMS, 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 TMS, the Servicing Agreement dated as of December 30, 2024, by and between the Department and TMS; 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 202[5][6] [__] Bonds subject to scheduled mandatory redemption on the respective redemption date set forth in Section 2.6(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 202[5][6] [__] Bonds created in certain Accounts pursuant to Section 2.12 hereof.

"TMS" shall mean The Money Source, Inc., a licensed lender and loan servicer.

"202[5][6] [__] Administrative Subaccount" shall mean the 202[5][6] [__] Administrative Subaccount within the 202[5][6] [__] Mortgage Loan Account established pursuant to Section 2.12 hereof.

"202[5][6] [__] Capitalized Interest Subaccount" shall mean the 202[5][6] [__] Capitalized Interest Subaccount within the 202[5][6] [__] Revenue Account established pursuant to Section 2.12 hereof.

"202[5][6] [__] Costs of Issuance Account" shall mean the 202[5][6] [__] Costs of Issuance Account of the Mortgage Loan Fund established pursuant to Section 2.12 hereof.

"202[5][6] [__] Interest Subaccount" shall mean the 202[5][6] [__] Subaccount within the Interest Account of the Debt Service Fund established pursuant to Section 2.12 hereof.

"202[5][6] [__] Mortgage Certificates" shall mean Mortgage Certificates that are purchased by the Trustee on the Issuance Date and on any future date from the proceeds of the Series 202[5][6] [__] Bonds and pledged by the Department to the Trustee pursuant to the Indenture and this 202[5][6] [__] Supplemental Indenture as described in any Letter of Instructions to the Trustee described in Section 2.16(a) hereof.

"202[5][6] [__] Mortgage Loans" shall mean the Mortgage Loans allocated to proceeds of the Series 202[5][6] [__] Bonds.

"202[5][6] [__] Mortgage Loan Account" shall mean the 202[5][6] [__] Account of the Mortgage Loan Fund established pursuant to Section 2.12 hereof.

"202[5][6] [__] Principal Subaccount" shall mean the 202[5][6] [__] Subaccount within the Principal Account of the Debt Service Fund established pursuant to Section 2.12 hereof.

"202[5][6] [__] Proceeds Account" shall mean the 202[5][6] [__] Proceeds Account of the Mortgage Loan Fund established pursuant to Section 2.12 hereof.

"202[5][6] [__] Redemption Subaccount" shall mean the 202[5][6] [__] Subaccount within the Redemption Account of the Debt Service Fund established pursuant to Section 2.12 hereof.

"202[5][6] [__] Revenue Account" shall mean the 202[5][6] [__] Account of the Revenue Fund established pursuant to Section 2.12 hereof.

"Underwriters" shall mean the Representative, and the other underwriters named on the schedule attached to the Purchase Agreement.

Section 1.3 Authority for this Series 202[5][6] [__] Supplemental Indenture. This 202[5][6] [__] Supplemental Indenture is adopted pursuant to the provisions of the Act and the Indenture.

Section 1.4 Rules of Construction.

(a) For all purposes of this 202[5][6] [__] Supplemental Indenture, unless the context requires otherwise, all references to designated Articles, Sections and other subdivisions are to the articles, sections and other subdivisions of this 202[5][6] [__] Supplemental Indenture.

(b) Except where the context otherwise requires, terms defined in this 202[5][6] [__] Supplemental Indenture 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 202[5][6] [__] Supplemental Indenture 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 202[5][6] [__] Supplemental Indenture and the Indenture which it supplements.

Section 1.5 Interpretation. The Table of Contents, titles and headings of the Articles and Sections of this 202[5][6] [__] Supplemental Indenture 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 202[5][6] [__] Supplemental Indenture, 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 202[5][6] [__] Supplemental Indenture 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 202[5][6] [__] Supplemental Indenture 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 202[5][6] [__] Supplemental Indenture. Nothing in this 202[5][6] [__] Supplemental Indenture 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 202[5][6] [__] Supplemental Indenture.

Section 1.11 Governing Law. This 202[5][6] [__] Supplemental Indenture 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 such other Person.

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 202[5][6] [__] Mortgage Certificates, all amounts that may be received with respect to the 202[5][6] [__] 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 202[5][6] [__] Mortgage Certificates, to bring actions and proceedings under the 202[5][6] [__] 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 202[5][6] [__] Mortgage Certificates, and the Holders of the Bonds are by such pledge and assignment afforded a beneficial interest in the 202[5][6] [__] Mortgage Certificates.

[End of Article I]

ARTICLE II

AUTHORIZATION AND TERMS OF SERIES 202[5][6] [__] BONDS

Section 2.1 Authorization, Principal Amount, Designation, and Series. In accordance with and subject to the terms, conditions, and limitations established in the Indenture and this 202[5][6] [__] Supplemental Indenture, one Series of Single Family Mortgage Revenue [Refunding] Bonds is hereby authorized to be issued in the initial aggregate principal amount of $[PRINCIPAL]. The Department hereby determines that the issuance of the Series 202[5][6] [__] Bonds in the initial amount authorized hereby is necessary to provide funds to be used and expended for the purposes set forth in the Indenture and this 202[5][6] [__] Supplemental Indenture. Each Bond of this Series of Bonds shall be entitled "Single Family Mortgage Revenue Bond, 202[5][6] Series [__] (Taxable)." The terms of the Series 202[5][6] [__] Bonds shall be as set forth in Article III of the Indenture and this Article II.

Section 2.2 Purposes. The Series 202[5][6] [__] Bonds are issued in accordance with subsection 1(3)(b) of Section 302 of the Indenture for the purposes of [(i) acquiring Mortgage Loans, or participations therein, through the purchase of 202[5][6] [__] Mortgage Certificates, including the payment of legal, financing and other expenses incidental thereto and including funding loans for down payment and closing cost assistance with respect to Assisted Mortgage Loans; (ii) the making of deposits in amounts, if any, required by the Indenture or this 202[5][6] [__] Supplemental Indenture to be paid into one or more Funds or Accounts from the proceeds of such Series of Bonds; (iii) payment of Cost of Issuance; and (iv) the payment of Department's Expenses, including paying lender compensation related to the 202[5][6] [__] Mortgage Loans][the refunding of the Refunded Bonds].

Section 2.3 Registered Bonds Only, Dates, Denominations, Numbers, and Letters.

(a) The Series 202[5][6] [__] 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 202[5][6] [__] 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, as shown by the records of the Trustee, interest on the Series 202[5][6] [__] Bonds shall be in default, the registered Series 202[5][6] [__] Bonds issued in lieu of Series 202[5][6] [__] Bonds surrendered for the transfer or exchange may be dated as of the date to which interest has been paid in full on the Series 202[5][6] [__] Bonds surrendered; provided, further, that if the date of authentication shall be prior to the first Interest Payment Date, the Series 202[5][6] [__] Bonds shall be dated as of the Issuance Date.

(c) The Series 202[5][6] [__] Bonds shall be issued in Authorized Denominations.

(d) Unless the Department shall direct otherwise, each Series 202[5][6] [__] Bond within a maturity of the Series 202[5][6] [__] Bonds shall be lettered and numbered separately from 00001 upward prefixed by the letters R, the letter M or S depending on whether the maturity is March or September, and the last two digits of the year of maturity, provided that the Initial Bond shall be numbered TR-1.

Section 2.4 Interest Payment Dates, Interest Rates and Maturities of the Series 202[5][6] [__] Bonds. The Series 202[5][6] [__] Bonds shall bear interest from the Issuance Date until maturity or prior redemption at the respective rates per annum set forth below. Interest on the Series 202[5][6] [__] 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 202[5][6] [__] 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 2.6 and Section 2.7 of this 202[5][6] [__] Supplemental Indenture and Article IV of the Indenture.

Maturity Date	Principal Amount ($)	Interest Rate

[INSERT VARIABLE RATE PROVISIONS, AS APPLICABLE]

Section 2.5 Conditions to Issuance of Series 202[5][6] [__] Bonds. The Series 202[5][6] [__] 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):

(a) *Intentionally omitted*;

(b) The amounts specified in this 202[5][6] [__] Supplemental Indenture to be deposited in the Accounts and Subaccounts as required herein; and

(c) Written confirmation from each Rating Agency that issuance of the Series 202[5][6] [__] Bonds will not cause the rating on any Outstanding Bonds (determined without regard to any bond insurance or similar credit enhancement) to be lower than Aaa by Moody's Investors Service and AA+ by S&P Global Ratings or their equivalents, as applicable.

Section 2.6 Paying Agent; Method and Place of Payment.

(a) The Trustee is hereby appointed as Paying Agent for the Series 202[5][6] [__] Bonds and the Trustee hereby accepts such appointment. The Series 202[5][6] [__] Bonds shall be payable with respect to interest and principal of and the Redemption Price in any coin or currency of the United States of America which at the time is legal tender for the payment of public and private debts. The interest on each Series 202[5][6] [__] Bond shall be payable by check or draft mailed on each Interest Payment Date to the Person in whose name such Series 202[5][6] [__] Bond is registered as of the Record Date, at the address of such Person as shown on the registry books of the Department kept and maintained by the Trustee. The principal, Redemption Price of and interest on the Series 202[5][6] [__] 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 202[5][6] [__] Bonds as permitted by the Indenture.

(b) Notwithstanding the foregoing, for so long as the Bond Depository is the exclusive registered owner of the Series 202[5][6] [__] Bonds and for owners of not less than $1,000,000 in aggregate principal amount of the Series 202[5][6] [__] Bonds, and except for the final payment of principal of the Series 202[5][6] [__] 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 owners to an account in the continental United States without the necessity of any immediate presentation and surrender of Series 202[5][6] [__] Bonds pursuant to written instructions from the registered owner.

Section 2.7 Bond Depository; Book-Entry System.

(a) The Department hereby appoints The Depository Trust Company, New York, New York, as Bond Depository for the Series 202[5][6] [__] Bonds. In accordance with the Letter of Representations, the Department shall cause the initial Series 202[5][6] [__] Bonds to be registered in the name of Cede & Co., as nominee for the Bond Depository, and to be delivered to the Bond Depository on the Issuance Date.

(b) With respect to Series 202[5][6] [__] Bonds registered in the registry books of the Department required to be maintained by the Trustee pursuant to Section 308 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 202[5][6] [__] Bonds. The Department and the Trustee may treat and consider the registered owner of any Series 202[5][6] [__] Bond as the holder and absolute owner of such Series 202[5][6] [__] Bond for the purpose of payment of the principal and Redemption Price of and interest with respect to such Series 202[5][6] [__] Bond, for the purpose of giving notices of redemption and other matters with respect to such Series 202[5][6] [__] Bond, for the purpose of registering transfers and exchanges with respect to such Series 202[5][6] [__] Bond, and for all other purposes whatsoever. The Trustee shall pay all the principal amount and Redemption Price of and interest on the Series 202[5][6] [__] Bonds only to or upon the order of the respective registered owners of the Series 202[5][6] [__]

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 202[5][6] [__] Bonds, (ii) the delivery to any Depository Participant or any other Person, other than a registered owner of a Series 202[5][6] [__] Bond as shown in the registry books required to be kept and maintained pursuant to Section 308 of the Indenture, of any notice with respect to the Series 202[5][6] [__] 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 202[5][6] [__] Bond, of any amount with respect to any Series 202[5][6] [__] Bond. The rights of Depository Participants and Persons on behalf of whom any Depository Participant holds a beneficial interest in Series 202[5][6] [__] 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 202[5][6] [__] 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 202[5][6] [__] Bonds is not in the best interest of such owners of beneficial interests in the Series 202[5][6] [__] Bonds, then the Department shall direct the Bond Depository to terminate the existing book-entry system for ownership of interests in the Series 202[5][6] [__] 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 202[5][6] [__] Bonds, if one is available satisfactory to the Department, and the ownership of all Series 202[5][6] [__] Bonds shall be transferred on the registry books required to be kept and maintained pursuant to Section 308 of the Indenture to such successor Bond Depository, or its nominee. In the alternative, the Department may direct the Trustee, in writing, 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 202[5][6] [__] Bonds, of the availability of Bonds registered in the names of such Persons as are owners of beneficial interests in the Series 202[5][6] [__] Bonds and, upon surrender to the Trustee of the Outstanding Series 202[5][6] [__] 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 202[5][6] [__] Bonds, in Authorized Denominations, to the owners of beneficial interests in the Series 202[5][6] [__] Bonds as of the date of the termination of the existing book-entry ownership system for the Series 202[5][6] [__] 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 202[5][6] [__] Bonds, all of the Series 202[5][6] [__] Bonds must be held under such book-entry system. Prior to any transfer of the Series 202[5][6] [__] Bonds outside the Book-Entry Only system (including, but not limited to, the initial transfer outside the Book-Entry Only system) the transferor 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 202[5][6] [__] Supplemental Indenture, 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 2.8 Special Redemption.

[REDEMPTION PROVISIONS TO COME]

Section 2.9 Optional Redemption.

[REDEMPTION PROVISIONS TO COME]

Section 2.10 Notice of Redemption; Selection of Series 202[5][6] [__] Bonds to Be Redeemed.

(a) The Trustee shall give notice, in the name of the Department, of the redemption of the Series 202[5][6] [__] Bonds to the holders thereof, which notice shall specify the Series 202[5][6] [__] Bonds to be redeemed, the redemption date, and the place or places where amounts due upon such redemption will be payable, and if less than all of the Series 202[5][6] [__] Bonds are to be redeemed, the letters and CUSIP numbers or other distinguishing marks, principal amounts, maturity dates and interest rates of such Series 202[5][6] [__] Bonds to be redeemed. Such notice shall further state that on such date there shall become due and payable on each Series 202[5][6] [__] Bonds 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 202[5][6] [__] Bonds to be redeemed in part only, together with interest accrued to, but not including, 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 redemption of the Series 202[5][6] [__] Bonds is conditioned upon moneys being available for such purpose on the redemption date.

(b) The Trustee shall mail a copy of such notice by first class mail, postage prepaid, not less than 30 days prior to the redemption date, nor more than 60 days to the holders of any Series 202[5][6] [__] Bonds or portions thereof which are to be redeemed, at the address shown on the registration books maintained by the Trustee.

(c) If the Series 202[5][6] [__] Bonds are registered in the name of the nominee of the Bond Depository, the Trustee shall deliver, by overnight delivery service, facsimile or such other means as may be requested by the Bond Depository in accordance with its procedures, notice of a redemption in the manner and in substantially the form described above which will allow the Series 202[5][6] [__] Bonds to be timely redeemed on the redemption date.

(d) 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 202[5][6] [__] Bonds receives the notice.

(e) A second notice of redemption shall be given promptly after the 60th day after the redemption date in the manner required above to the registered owners of redeemed Series 202[5][6] [__] Bonds that have not been presented for payment by the 60th day after the redemption date.

(f) Any notice mailed as provided in this Section shall be conclusively presumed to have been duly given upon mailing or being sent by facsimile to the latest known facsimile address, as applicable, whether or not the registered owner or other intended recipient thereof receives such notice.

(g) Except as specified in Section 2.6(b) and Section 2.6(c) hereof, the Series 202[5][6] [__] 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. A portion of any Series 202[5][6] [__] Bond may be redeemed, but only in an Authorized Denomination. While the Series 202[5][6] [__] Bonds are held by the Bond Depository, Series 202[5][6] [__] Bonds shall be selected for redemption as described in Section 2.11 hereof.

Section 2.11 Form of Series 202[5][6] [__] Bonds.

(a) Each Series 202[5][6] [__] Bond shall be in substantially the form and tenor of Exhibit A attached hereto, which Exhibit A is incorporated herein as if fully set forth in this 202[5][6] [__] Supplemental Indenture, with such omissions, insertions, and variations as permitted or required by the Indenture. The registration certificate of the Comptroller of Public Accounts of the State of Texas and the certificate of authentication of the Trustee shall be in the form set forth in Exhibit A. The Department is hereby authorized, in its discretion, to provide for the assignment of CUSIP numbers for the Series 202[5][6] [__] Bonds and to have such CUSIP numbers printed thereon, and the Department may direct the Trustee to use such CUSIP numbers in notices of redemption, provided that any such notice may state that no representation is made by the Trustee or the Department as to the correctness of such CUSIP number either as printed on the Series 202[5][6] [__] Bonds or as contained in any notice of redemption. There may be printed on or attached to each Series 202[5][6] [__] Bond registered in the name of the Bond Depository a schedule for the purpose of notation by the Bond Depository of the portion of the principal amount thereof which shall have been paid and the portion of the principal amount thereof which remains Outstanding and unpaid.

(b) Notwithstanding the foregoing, the Initial Bond shall be in the form set forth in Exhibit A, except that the form of the single fully-registered Initial Bond shall be modified as follows:

(i) Immediately under the name of the bond issue and the legends, the existing headings shall be omitted and replaced with the following headings:

"No. TR-1 Dated Date: [CLOSING DATE] $[PRINCIPAL]

Registered Owner: [REPRESENTATIVE]

Principal Amount: [_____] MILLION DOLLARS"

(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, organized and existing under and by virtue of the laws 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 [INITIAL INTEREST DATE], and each September 1 and March 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:

[Insert maturity schedule from Section 2.4 of the Supplemental Indenture.]

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 Creation of Additional Funds, Accounts and Subaccounts and Application Thereof.

(a) Pursuant to the provisions of subsection 4 of Section 713 of the Indenture, there is established by this Section 2.12, for the Series 202[5][6] [__] Bonds, an Account in each Fund and a Subaccount in each Account established by Section 502 of the Indenture. Each such Account and Subaccount shall be known and designated as the 202[5][6] [__] Account or Subaccount followed by the appropriate reference to the Fund or the Account within the Fund to which such Account or Subaccount relates. In addition, there are hereby established for the Series 202[5][6] [__] Bonds the following additional Funds, Accounts and Subaccounts:

(i) (A) within the Mortgage Loan Fund, (1) a temporary Account to be known and designated as the 202[5][6] [__] Proceeds Account, and (2) a temporary Account to be known and designated as the 202[5][6] [__] Costs of Issuance Account, and (B) within the 202[5][6] [__] Mortgage Loan Account, the 202[5][6] [__] Administrative Subaccount;

(ii) within the 202[5][6] [__] Revenue Account, a 202[5][6] [__] Capitalized Interest Subaccount; and

(iii) within the Expense Fund held by the Department, an additional Account designated as the 202[5][6] [__] Rebate Account.

The Department may also, pursuant to a Letter of Instructions, establish additional Accounts and Subaccounts for such purposes as the Department may determine from time to time.

(b) Unless an Event of Default shall have occurred and be continuing, Revenues from the 202[5][6] [__] Mortgage Certificates or from the investment or reinvestment of moneys on deposit in each Account or Subaccount for the Series 202[5][6] [__] Bonds shall be kept separate and apart from the Revenues attributable to other Mortgage Loans or other Mortgage Certificates or attributable to the investment and reinvestment of the moneys on deposit under the Indenture with respect to any other Series. The Accounts and Subaccounts described in this Section shall be for the equal benefit of the Holders of all of the Bonds. The segregation of the Accounts and Subaccounts as required by this Section 2.12 is for the purpose of making the calculations required by Sections 143(g) and 148 of the Code, and is not for the purpose of giving a priority or preference to the Bonds of one Series over that of another Series. Except as provided in this Section, the Revenues and proceeds of a Series shall continue to be used as provided in Article V of the Indenture.

(c) The Costs of Issuance incurred by the Department in connection with the issuance of the Series 202[5][6] [__] Bonds shall be payable from amounts deposited in the 202[5][6] [__] Costs of Issuance Account.

(d) Deposits to and Transfers from the 202[5][6] [__] Revenue Account.

(i) In accordance with Section 504 of the Indenture, all payments received with respect to the 202[5][6] [__] Mortgage Certificates shall be deposited in the 202[5][6] [__] Revenue Account.

(ii) Pursuant to subsection 2 of Section 505 of the Indenture, the Trustee shall transfer from the Revenue Fund amounts on deposit therein in the following order of priority:

(1) First, on each Interest Payment Date or any other date for the redemption of the Series 202[5][6] [__] Bonds, to the 202[5][6] [__] Interest Subaccount, 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 202[5][6] [__] Bonds on such Interest Payment Date or redemption date;

(2) Second, monthly, upon receipt of Mortgage Loan Principal Payments, to the 202[5][6] [__] Principal Subaccount, one-sixth of the amount required to pay maturing principal and the unsatisfied balance of any Sinking Fund Installment on any Series 202[5][6] [__] Bonds on the next Interest Payment Date; [and]

(3) Third, monthly, upon receipt of Mortgage Loan Principal Payments, to the 202[5][6] [__] Redemption Subaccount, any remaining Mortgage Loan Principal Payments to be applied monthly to the redemption of Series 202[5][6] [__] Bonds pursuant to Section 2.6(b) hereof.

(iii) On or after each Interest Payment Date and pursuant to a Letter of Instructions, the Trustee shall transfer to the 202[5][6] [__] Redemption Subaccount from the 202[5][6] [__] Revenue Account the amount in such Account after taking into account (1) the provision for payment of Debt Service on the Series 202[5][6] [__] Bonds on such Interest Payment Date, (2) the required transfers of the amounts to the 202[5][6] [__] Redemption Subaccount and the 202[5][6] [__] Principal Subaccount pursuant to Section 2.12(d)(ii) of this 202[5][6] [__] Supplemental Indenture, and (3) the payment of Department Expenses in accordance with subsection 1 of Section 505 of the Indenture, and such excess revenues shall be used to redeem Series 202[5][6] [__] Bonds in accordance with Section 2.6(c) hereof.

Section 2.13 Initial Deposits and Transfers into Accounts and Subaccounts. The proceeds of the Series 202[5][6] [__] Bonds initially shall be deposited by the Trustee in the 202[5][6] [__] Proceeds Account. There shall be deposited, out of the proceeds of the Series 202[5][6] [__] Bonds, the amounts specified in the Letter of Instructions to the Trustee authorizing the authentication and delivery of the Series 202[5][6] [__] Bonds, into the Funds, Accounts and Subaccounts specified therein. After completion of such transfers, the 202[5][6] [__] Proceeds Fund shall be closed. After payment of all costs, any funds remaining in the 202[5][6] [__] Costs of Issuance Account shall be transferred to the Surplus Revenues Account pursuant to a Letter of Instructions.

Section 2.14 Transfer of and Representations and Covenants Relating to [_____] Transferred Mortgage Certificates. All [_____] Transferred Mortgage Certificates are hereby allocated to the [_____] Mortgage Loan Account. The Department represents and covenants that each of the [_____] Transferred Mortgage Certificates is a Mortgage Loan that, at the date of acquisition, met the requirements set forth in Section 705 of the Indenture.

Section 2.15 Reserved.

Section 2.16 202[5][6] [__] Mortgage Loan Account. The 202[5][6] [__] Mortgage Loan Account established pursuant to Section 2.12(a) 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, 202[5][6] [__] Mortgage Certificates. On [_____], unless the Certificate Purchase Period is extended in accordance with Section 2.17 hereof, unexpended proceeds of the Series 202[5][6] [__] Bonds shall be transferred from the 202[5][6] [__] Mortgage Loan Account to the 202[5][6] [__] Redemption Subaccount in accordance with Section 2.6(a) hereof.

Section 2.17 202[5][6] [__] Mortgage Certificate Acquisition.

(a) As instructed by the Department, the Trustee shall use amounts on deposit in the 202[5][6] [__] Mortgage Loan Account to acquire the 202[5][6] [__] Mortgage Certificates as more particularly described in a Letter of Instructions.

(b) The purchase of the 202[5][6] [__] Mortgage Loans shall be accomplished through the purchase of Ginnie Mae Certificates in accordance with the Program Agreement, and no 202[5][6] [__] 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 202[5][6] [__] Mortgage Certificate. Following the purchase of any 202[5][6] [__] Mortgage Certificate, all payments received by the Trustee with respect thereto shall be deemed to be payments of principal and interest with respect to the 202[5][6] [__] Mortgage Loans included in the Mortgage Pool pertaining to such 202[5][6] [__] Mortgage Certificate.

(c) On each applicable Certificate Purchase Date, the Trustee shall purchase Ginnie Mae Certificates at the Ginnie Mae Certificates Purchase Price, from amounts available in the 202[5][6] [__] Mortgage Loan Account in accordance with this subsection (c) unless otherwise instructed by the Department in a Letter of Instructions.

(d) Each 202[5][6] [__] 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.

Section 2.18 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 2.18, the Trustee shall transfer the amounts in the 202[5][6] [__] Mortgage Loan Account remaining unexpended for acquisition of 202[5][6] [__] Mortgage Certificates in such amounts as provided in a Letter of Instructions from the 202[5][6] [__] Mortgage Loan Account to the 202[5][6] [__] Special Redemption Account to be applied to the redemption of Series 202[5][6] [__] Bonds pursuant to Section 2.6(a) hereof. The Certificate Purchase Period for amounts in the 202[5][6] [__] Mortgage Loan Account may be extended to a date certain as set out in a Letter of Instructions to the Trustee, 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:

(a) *Intentionally omitted*; and

(b) confirmation from each Rating Agency that such extension will not adversely affect the rating on the Series 202[5][6] [__] 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.

[End of Article II]

ARTICLE III

RESERVED

[End of Article III]

ARTICLE IV

MISCELLANEOUS

Section 4.1 Sale of Series 202[5][6] [__] Bonds. The Series 202[5][6] [__] Bonds authorized to be issued herein in the aggregate principal amount of $[PRINCIPAL] shall be sold to the Underwriters at an aggregate purchase price $[_____] (representing the par amount of the Series 202[5][6] [__] Bonds, plus a premium in the amount of $[_____]), on the terms and conditions set forth in the Purchase Agreement, and upon the basis of the representations therein set forth.

Section 4.2 Certain Duties of the Department. The Department covenants that, in addition to such other duties as may be required under the Indenture and this 202[5][6] [__] Supplemental Indenture 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 the Indenture during any period in which the Series 202[5][6] [__] Bonds remain Outstanding. [Prior to an Event of Default and so long as the Series 202[5][6] [__] Bonds remain Outstanding, the Department will not use Mortgage Loan Principal Payments on the [_____] Transferred Mortgage Certificates for the purpose of paying Department Expenses.]

Section 4.3 No Recourse on Series 202[5][6] [__] Bonds. No recourse shall be had for payment of the principal or Redemption Price of or interest on the Series 202[5][6] [__] Bonds or for any claim based thereon or on this 202[5][6] [__] Supplemental Indenture against any Board member, officer or employee of the Department or the Trustee or any person executing or authenticating the Series 202[5][6] [__] Bonds, and neither the Board members, officers or employees of the Department or the Trustee nor any person executing or authenticating the Series 202[5][6] [__] Bonds shall be liable personally on the Series 202[5][6] [__] Bonds by reason of the issuance thereof.

Section 4.4 [Redemption of Refunded Bonds. The Department has instructed the Trustee to redeem the Refunded Bonds.]

Section 4.5 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 202[5][6] [__] 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 4.6 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 4.7 Execution in Several Counterparts. This 202[5][6] [__] Supplemental Indenture 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 4.8 [Sale of [_____] Transferred Mortgage Certificates. Notwithstanding any other provision of the Indenture, the Department may sell the [_____] Transferred Mortgage Certificates in whole or in part only upon delivery by the Department of 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 4.9 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 202[5][6] [__] Supplemental Indenture 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 202[5][6] [__] Supplemental Indenture;

(iv) enforce any of the documents executed in connection with this 202[5][6] [__] Supplemental Indenture;

(v) preserve and defend title to the Trust Estate and the rights of Trustee and of owners of the Series 202[5][6] [__] 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 4.7; 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 4.7 shall arise only if the Trustee has actual knowledge by notice in writing of any failure of the Department to comply with the provisions of this Section 4.7. 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 4.7(b) or Section 1205 of the Indenture and when filing any continuation statements in the same filing offices as the initial filings were made.

Section 4.10 Notices to Department, Trustee and Paying Agent. All notices, demands and requests to be given to or made hereunder to the Department, the Trustee or the Paying Agent shall be given or made in writing and shall be deemed to be properly given or made if sent by United States certified or registered mail, return receipt requested, postage prepaid, addressed as follows:

(a) As to the Department:

Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78701-2410
Attention: Executive Director

(b) As to the Trustee and Paying Agent:

The Bank of New York Mellon Trust Company, N.A.
4655 Salisbury Road, Suite 300
Jacksonville, Florida 32256
Attention: Richard Dillard

Section 4.11 [Investment Securities. The [NAME OF INVESTMENT AGREEMENT] by and among [INVESTMENT PROVIDER], the Department, the Texas Treasury Safekeeping Trust Company and the Trustee, dated as of the Issuance Date is hereby included as a permitted "Investment Security" with respect to the Bonds.]

Section 4.12 Verifications of Statutory Representations and Covenants. The verifications, representation and covenants of the Trustee in Section 4.12 of the 202[5][6] [__] Supplemental Indenture expressly incorporated by reference into this 202[5][6] [__] Supplemental Indenture.

Section 4.13 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 4.14 Letter of Instructions; 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.

Section 4.15 Responsibilities of the 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 202[5][6] [__] Supplemental Indenture 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.

[End of Article IV]

IN WITNESS WHEREOF, the Department and the Trustee have caused this 202[5][6] [__] Supplemental Indenture to be signed 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

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as Trustee

By:_____
Authorized Officer

EXHIBIT A

FORM OF BOND

UNITED STATES OF AMERICA

STATE OF TEXAS

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

SINGLE FAMILY MORTGAGE REVENUE BOND

202[5][6] SERIES [__] (Taxable)

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, organized and existing under and by virtue of the laws 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, calculated on the basis of a 360-day year composed of twelve 30-day months, payable [INITIAL INTEREST DATE], and [on each September 1 and March 1 thereafter][on the first day of each month, commencing [INITIAL INTEREST DATE]], 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"). Notwithstanding the foregoing, in no event shall the cumulative amount of interest paid or payable on any Bond

[1] To be included only in bonds registered in the name of DTC or its nominees.

(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 [INITIAL INTEREST DATE], 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 "Single Family Mortgage Revenue [Refunding] 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"), [Chapter 1207, Texas Government Code, as amended,] and Chapter 1371, Texas Government Code, as amended, and under and pursuant to an indenture of the Department entitled "Amended and Restated Single Family Mortgage Revenue Bond Trust Indenture" dated as of June 1, 2017, which amends and restates the Single Family Mortgage Revenue Bond Trust Indenture dated as of October 1, 1980, as amended and supplemented (herein called the "Indenture"), and a supplemental indenture of the Department entitled "[NUMBER] Supplemental Single Family Mortgage Revenue Bond Trust Indenture" dated as of [DOC DATE], authorizing the series of Bonds of which this Bond is a part (herein called the "Supplemental Indenture" 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 "Single Family Mortgage Revenue [Refunding] Bonds, 202[5][6] Series [__] (Taxable)" (herein sometimes called the "Series 202[5][6] [__] Bonds") issued in the aggregate initial principal amount of $[PRINCIPAL] under the Indentures for the purpose of [(i) acquiring Mortgage Loans, or participations therein, through the purchase of 202[5][6] [__] Mortgage Certificates, including the payment of legal, financing and other expenses incidental thereto and including funding loans for down payment and closing cost assistance with respect to Assisted Mortgage Loans; (ii) the making of deposits in amounts, if any, required by the Indenture or this 202[5][6] [__] Supplemental Indenture to be paid into one or more Funds or Accounts from the proceeds of such Series of Bonds; (iii) payment of Cost of Issuance; and (iv) the payment of Department's Expenses, including paying lender compensation related to the 202[5][6] [__] Mortgage Loans][the refunding of the Refunded Bonds]. 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 202[5][6] [__] 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 and, in case such modification or amendment would change the terms of any sinking fund installment, with such consent of the holders of at least 2/3 in principal amount of the Bonds of the particular Series and maturity entitled to such sinking fund installment then outstanding; 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 a change in the terms of redemption or maturity of the principal of any outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or Redemption Price thereof or in the rate of interest thereon without the consent of the holder of such Bond, or shall reduce the percentages or otherwise affect the classes of Bonds, the consent of the holders of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of the Trustee or of any paying agent without its written assent thereto.

The Series 202[5][6] [__] Bonds are subject to redemption prior to stated maturity as set forth in the Supplemental Indenture.

In lieu of redeeming Series 202[5][6] [__] Bonds, the Department has reserved the right in subsection 5 of Section 506 of the Indenture to purchase such Bonds at a price (excluding accrued interest but including any brokerage or other charges) no greater than the applicable Redemption Price of such Bonds.

The Series 202[5][6] [__] Bonds are payable upon redemption at the applicable office of the Trustee. Written notice of redemption shall be provided to the registered owner of the Bond to be redeemed as shown on the registry books of the Trustee, in the manner, at the times and upon the terms and conditions set forth in the Indentures. If notice of redemption shall have been given as aforesaid, the Series 202[5][6] [__] 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, money for the redemption of all the Bonds or portions thereof to be redeemed, together with interest to, but not including, the redemption date, shall be available for such payment on said date, then from and after the redemption date interest on such 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

[2] To be deleted from the Initial Bond.

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 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 nor 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 THE 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]

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

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

[[____] TRANSFERRED MORTGAGE CERTIFICATES]

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 26-003 **Agenda Date:** 10/9/2025 **Agenda #:** 17.

Presentation, discussion, and possible action regarding Resolution No. 26-003 authorizing the implementation of Texas Department of Housing and Community Affairs Mortgage Credit Certificate Program 113, approving the form and substance of the program manual and the program summary, authorizing the execution of documents and instruments necessary or convenient to carry out Mortgage Credit Certificate Program 113, and containing other provisions relating to the subject

RECOMMENDED ACTION

Adopt attached Resolution.

BACKGROUND

Mortgage Credit Certificates are a homebuyer assistance program designed to help low-to-moderate income families afford homeownership. The program allows homebuyers to claim a dollar-for-dollar tax credit equal to the annual mortgage loan interest paid times the MCC credit rate (established by the Department and described herein), subject to an annual maximum of $2,000 if the MCC Credit Rate exceeds 20%. Remaining mortgage interest paid may still be taken as an itemized deduction.

Because the MCC reduces the homebuyer's federal income tax liability, the credit amount may be used to effectively increase the homebuyer's net income for loan qualification purposes. Mortgage loan interest paid by the homebuyer that exceeds the credit claimed may be included as an itemized deduction on the homebuyer's annual federal income tax return.

To be eligible for an MCC, homebuyers must meet Internal Revenue Service (IRS) requirements for mortgage revenue bonds. With few exceptions, MCC recipients must be first-time homebuyers (cannot have had an ownership interest in a primary residence within the last three years), must be within IRS income and purchase price limits, and must occupy the residence as their primary residence. MCCs cannot be issued for mortgage loans that are funded with tax-exempt bond proceeds.

MCCs require an allocation volume cap. The Department can exchange $1 of single-family mortgage revenue bond volume cap for $0.25 of MCC issuance authority. The par amount of mortgage loans that can receive an MCC is determined by dividing the MCC issuance authority by the MCC Credit Rate, which is established by the Department. The IRS requires the MCC Credit Rate to be between 10% and 50%.

The Department offers two MCC program options. The first is a stand-alone MCC, where the Department issues an MCC for a mortgage loan that was originated and funded by a third-party lender. The second option is a "combo" loan, where the Department issues an MCC for a mortgage loan that was originated and funded through the Department's Taxable Mortgage Program.

Program 103, the Department's most recent MCC program, was released January 2023, ends on December 31, 2025; and used $300 million of volume cap.

Publication of the required Public Notice for Mortgage Credit Certificate Program for Program 113 will be

completed before November 30, 2025, and Program 113 is scheduled for release in January 2026. The attached resolution seeks authorization for the conversion of $250 million of single-family volume cap to MCC Authority (see Volume Cap Conversion below) and the issuance of new MCCs. The resolution also seeks approval of (i) the Program Manual and Program Summary, (ii) initial MCC Credit Rates of 20% for all loans, and (iii) the use of up to $100,000 of Department funds to pay the costs of implementing Program 113.

MCC Example - 20% Credit Rate

Loan Amount		**$225,000**
Mtg Int Rate		**6.50%**

Year	Mortgage Interest	Calculated Tax Credit Amount	Schedule A Mtg Int Deduction
1	$14,551	$2,910	$11,641
2	$14,383	$2,877	$11,506
3	$14,203	$2,841	$11,362
4	$14,011	$2,802	$11,209
5	$13,806	$2,761	$11,045

Through Program 113, the Department expects to provide MCCs for approximately $312.5 million in mortgage loans, using $250 million in volume cap:

Volume Cap Conversion

Single Family Bond Volume Cap	$250,000,000 = Par Amount of Bond Loans that can be originated
Exchange $1 for $0.25	$62,500,000 = MCC Issuance Authority
Divide by MCC Credit Rate (20%)	$312,500,000 = Max Par Amount of Loans that can receive MCCs

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RESOLUTION NO. 26-003

RESOLUTION AUTHORIZING THE IMPLEMENTATION OF TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS MORTGAGE CREDIT CERTIFICATE PROGRAM 113; APPROVING THE FORM AND SUBSTANCE OF THE PROGRAM MANUAL AND THE PROGRAM SUMMARY; AUTHORIZING THE EXECUTION OF DOCUMENTS AND INSTRUMENTS NECESSARY OR CONVENIENT TO CARRY OUT MORTGAGE CREDIT CERTIFICATE PROGRAM 113; 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 (the "Act"), for the purpose, among others, of providing a means of financing the costs of residential ownership, development and rehabilitation that will provide decent, safe, and affordable living environments for persons and families of low and very low income (as defined in the Act) and families of moderate income (as described in the Act and determined by the Board of the Department (the "Board") from time to time) at prices they can afford; and

WHEREAS, the Act authorizes the Department: (a) to make, acquire and finance, and to enter into advance commitments to make, acquire and finance, mortgage loans and participating interests therein, secured by mortgages on residential housing in the State of Texas (the "State"); (b) to issue its bonds, for the purpose, among others, of obtaining funds to acquire or finance such mortgage loans, to establish necessary reserve funds and to pay administrative and other costs incurred in connection with the issuance of such bonds; 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 single family mortgage loans or participating interests, and to mortgage, pledge or grant security interests in such mortgages or participating interests, mortgage loans 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 103 and Section 143 of the Internal Revenue Code of 1986, as amended (the "Code"), provide that the interest on obligations issued by or on behalf of a state or a political subdivision thereof the proceeds of which are to be used to finance owner-occupied residences shall be excludable from gross income of the owners thereof for federal income tax purposes if such issue meets certain requirements set forth in Section 143 of the Code; and

WHEREAS, Section 146(a) of the Code requires that certain "private activity bonds" (as defined in Section 141(a) of the Code) must come within the issuing authority's private activity bond limit for the applicable calendar year in order to be treated as obligations the interest on which is excludable from the gross income of the holders thereof for federal income tax purposes; and

WHEREAS, the private activity bond "State ceiling" (as defined in Section 146(d) of the Code) applicable to the State is subject to allocation, in the manner authorized by Section 146(e) of the Code, pursuant to Chapter 1372, Texas Government Code, as amended; and

WHEREAS, pursuant to a separate resolution adopted as of the date hereof, the Board authorized the filing of one or more applications with the Texas Bond Review Board to obtain one or more reservations of a portion of the State ceiling private activity bond volume cap for qualified mortgage bonds in the amount of $1,250,000,000; and

WHEREAS, the Department proposes to convert a portion of its authority to issue qualified mortgage bonds in an amount not to exceed $250,000,000 to mortgage credit certificates ("MCCs"), to be used for the Department's Mortgage Credit Certificate Program to be designated as Program 113 ("MCC Program 113"); and

WHEREAS, the Board desires to ratify the publication and posting of public notice (the "Public Notice") required under Section 25 of the Internal Revenue Code of 1986, as amended, and Treasury Regulation Section 1.25-3T(j)(4) issued thereunder as to the issuance of MCCs and maintenance of a list of single family mortgage lenders that will participate in MCC Program 108 and the taking of such actions as may be necessary to carry out the purposes of this Resolution; and

WHEREAS, the Board desires to approve the Program Manual (the "Program Manual") in substantially the form attached hereto, setting forth the terms and conditions upon which MCCs will be issued by the Department; and

WHEREAS, the Board desires to approve the Program Summary (the "Program Summary") in substantially the form attached hereto setting forth the terms of MCC Program 113; and

WHEREAS, the Board desires to approve an initial range for the mortgage credit certificate rate; and

WHEREAS, the Board desires to approve the use of an amount not to exceed $250,000 of Department funds to pay the costs of implementing MCC Program 113; and

WHEREAS, the Board desires to approve the forms of the Program Manual and the Program Summary, in order to find 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 implement MCC Program 113 in accordance with such documents by authorizing MCC Program 113, the execution and delivery of such documents and the taking of such other actions as may be necessary or convenient to carry out MCC Program 113; NOW, THEREFORE,

BE IT RESOLVED BY THE BOARD OF THE TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS THAT:

ARTICLE 1

USE OF PRIVATE ACTIVITY BOND VOLUME CAP

Section 1.1. Authorization of Certain Actions. The Board authorizes the Executive Director of the Department, the staff of the Department as designated by the Executive Director and Bracewell LLP, Bond Counsel to the Department ("Bond Counsel") to take such actions on its behalf as may be necessary to carry out the actions authorized in this Resolution.

Section 1.2. MCC Authority. The Department shall take such steps as are necessary to convert $250,000,000 of its authority to issue qualified mortgage bonds to authority to issue MCCs in order to implement MCC Program 113.

ARTICLE 2

APPROVAL OF MCC DOCUMENTS

Section 2.1. Ratification of Public Notice. The Board hereby ratifies the publication and posting of the Public Notice .

Section 2.2. Approval of Program Manual and Program Summary. The form and substance of the Program Manual and Program Summary are hereby authorized and approved.

Section 2.3. Mortgage Credit Certificate Rate. The initial mortgage credit certificate rate under the Program shall be 20% but shall be subject to adjustment as specified by the Department from time to time; provided that the maximum mortgage credit certificate rate shall not exceed 30%.

Section 2.4. Execution and Delivery of Other Documents and Waiver, Reduction or Increase of Fees. The Authorized Representatives of the Department named in this Resolution are each hereby authorized to execute, attest, affix the Department's seal to and deliver such other agreements, advance commitment agreements, assignments, bonds, certificates, contracts, documents, instruments, releases, financing statements, letters of instruction, notices of acceptance, written requests, public notices 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, the Program Manual and the Program Summary. The staff of the Department is authorized to waive, reduce or increase the fees described in the Program Manual from time to time for marketing purposes.

Section 2.5. Power to Revise Form of Documents. 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 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 delivery of such documents by the Authorized Representatives.

Section 2.6. Exhibits Incorporated Herein. 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 - Program Manual
Exhibit B - Program Summary

Section 2.7. Authorized Representatives. The following persons are 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 referred to in this Article 2: 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 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.

Section 2.8. Department Contribution and Fees. The Department authorizes the contribution of Department funds in an amount not to exceed $250,000 to pay certain costs of implementing MCC Program 113.

ARTICLE 3

GENERAL PROVISIONS

Section 3.1. Purposes of Resolution. The Board of the Department has expressly determined and hereby confirms that the implementation of MCC Program 113 contemplated by this Resolution accomplishes 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 3.2. Notice of Meeting. 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 §2306.032 of the Texas Government Code, regarding meetings of the Governing Board.

Section 3.3. Effective Date. This Resolution shall be in full force and effect from and upon its adoption.

PASSED AND APPROVED this 9th day of October, 2025.

TABLE OF DOCUMENTS
RELATING TO

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
MORTGAGE CREDIT CERTIFICATE PROGRAM – PROGRAM 113

Description of Document			TAB
I.	MCC AUTHORIZATION PROCEEDINGS		
	1.1	Certificate Regarding Posting of Notice to Public and Mortgage Lenders; Publication of Notice in Texas Register	1
	1.2	Certified Copy of Resolution Authorizing Implementation of Mortgage Credit Certificate Program 113 ([_____, 2025])	2
	1.3	(a) Copy of Election filed with Internal Revenue Service (filed [_____, 2025])	3
		(b) [Copy of Revised Election filed with Internal Revenue Service (with Certificate of Allocation) (filed [_____, 2025])]	
II.	VOLUME CAP MATERIALS		
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	2.6	TDHCA Letter to Texas Bond Review Board regarding receipt of copies of Mortgage Credit Certificates	9
	2.7	Texas Bond Review Board Letter to TDHCA regarding receipt of copies of Mortgage Credit Certificates	10
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TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
MORTGAGE CREDIT CERTIFICATE (MCC) PROGRAM

PROGRAM SUMMARY

MCC Authority

- On January 1, 2026, TDHCA will make $250,000,000 of MCC authority available. The first date that MCCs can be issued under the Program is expected to be January 1, 2026. The funds will be available under the Program to participating Lenders on a controlled, first-come, first-served basis in accordance with the procedures hereinafter described. The Department will notify Lenders of various terms related to the Program and the MCCs through the periodic distribution of Rate Notices by Hilltop Securities, Inc., which has been designated as the Program Administrator. A Rate Notice will notify Mortgage Lenders that funds are available, specify the amount of funds available (the "Commitment Lot"), specify the mortgage credit certificate rate then in effect for that Commitment Lot, and specify the fees applicable to the Commitment Lot.

Qualified Homebuyer

- Must be a first-time homebuyer (Applicant cannot have owned a home as a Principal Residence within the previous three years, except (i) in certain Targeted Areas, (ii) if the Applicant is a Qualified Veteran who has not previously received financing pursuant to this exception, or (iii) in certain cases permitted under applicable provisions of the Internal Revenue Code).

- Must intend to occupy the Residence as the principal and permanent place of Residence within a reasonable time not to exceed 60 days after the closing date of the mortgage loan to purchase the Residence.

- Must meet the income guidelines of the Program.

- Must complete an approved pre-purchase homebuyer education course under the Program.

Eligible Loan Area

- State of Texas

Eligible Property Types

- New or existing single family residences, including certain duplexes

- New or existing condominiums or townhomes

- Certain manufactured housing permanently affixed to the ground

Program Fees and Expenses

- Program fees will be specified in the periodic distribution of Rate Notices

Maximum Income and Maximum Home Purchase Price Limits

- SEE EXHIBIT A

Mortgage Loan Types

- Prevailing market rate mortgages; may be a conventional, FHA, VA or USDA-RHS fixed rate loan; variable rate loans are not permitted (cannot be part of a tax-exempt bond program or a veterans' tax-exempt bond program).

- Term of the loan will be either 15 years or 30 years.

Refinancings

- An MCC may be reissued under certain circumstances to the holder of an MCC issued under this program if the underlying mortgage is refinanced.

- The refinanced loan amount cannot exceed the outstanding balance of the original mortgage loan as of the date of the refinancing.

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By The Texas Homebuyer Program

Texas Mortgage Credit Certificate
By The Texas Homebuyer Program

See current Rates and Offerings HERE

TDHCA My First Texas Home & Texas Mortgage Credit Certificate
Combined Income and Purchase Price Limits Table

All person(s) who will sign the Deed of Trust (including Non-Purchasing Spouse) will be considered.

Purchase Price Limits Effective Effective May 27, 2025 / Income Limits Effective May 27, 2025

		INCOME LIMITS				PURCHASE PRICE LIMITS	
		Govt Loan and NON Targeted MCC		Govt Loan and * Targeted MCC			
Area of State	Counties in Area	100% AMFI 1 or 2 Persons	115% AMFI 3 or more Persons	120% AMFI 1 or 2 Persons	140% AMFI 3 or more Persons	1-UNIT Non-Targeted Area	1-UNIT * Targeted Area
COUNTIES NOT LISTED BELOW ARE SUBJECT TO BALANCE OF STATE INCOME LIMITS use this row -->		$98,800	$113,620	$118,560	$138,320	$544,232	$665,173
Amarillo, HMFA	Armstrong, Carson, Potter*, Randall*	$98,800	$113,620	$118,560	$138,320	$544,232	$665,173
Andrews County	Andrews	$98,800	$113,620	N/A		$544,232	N/A
Austin County, HMFA	Austin	$101,000	$116,150	N/A		$544,232	N/A
Austin-Round Rock, MSA	Bastrop, Caldwell, Hays*, Travis*, Williamson*	$133,800	$153,870	$160,560	$187,320	$593,363	$725,222
Blanco County	Blanco	$100,000	$115,000	N/A		$544,232	N/A
Borden County	Borden	$101,900	$117,185	N/A		$544,232	N/A
Brazoria County, HMFA	Brazoria	$116,100	$133,515	N/A		$544,232	N/A
Burnet County	Burnet	$100,000	$115,000	N/A		$544,232	N/A
Cooke County	Cooke*	$98,800	$113,620	$118,560	$138,320	$544,232	$665,173
Crane County	Crane	$98,800	$113,620	N/A		$544,232	N/A
Dallas, HMFA	Collin*, Dallas*, Denton*, Ellis, Hunt*, Kaufman*, Rockwall	$117,300	$134,895	$140,760	$164,220	$585,006	$715,007
Fayette County	Fayette	$102,100	$122,705	N/A		$544,232	N/A
Fort Worth - Arlington, HMFA	Johnson, Parker, Tarrant*	$106,700	$122,705	$128,040	$149,380	$585,006	$715,007
Gillespie County	Gillespie	$101,100	$116,265	N/A		$544,232	N/A
Glasscock County	Glasscock	$110,600	$127,190	N/A		$544,232	N/A
Hartley County	Hartley	$98,800	$113,620	N/A		$544,232	N/A
Hemphill County	Hemphill	$104,000	$119,600	N/A		$544,232	N/A
Hood County, HMFA	Hood	$98,800	$113,620	N/A		$544,232	N/A
Houston-The Woodlands-Sugar Land, HMFA	Chambers, Fort Bend*, Galveston*, Harris*, Liberty, Montgomery*, Waller	$101,100	$116,265	$121,320	$141,540	$544,232	$665,173
Jackson County	Jackson	$98,800	$113,620	N/A		$544,232	N/A
Kendall County, HMFA	Kendall	$143,900	$165,485	N/A		$579,037	N/A
Kent County	Kent	$98,800	$113,620	N/A		$544,232	N/A
King County	King*	$98,800	$113,620	$118,560	$138,320	$544,232	$665,173
Lampasas County	Lampasas	$102,300	$117,645	N/A		$544,232	N/A
Lipscomb County	Lipscomb	$98,800	$113,620	N/A		$544,232	N/A
Loving County	Loving	$98,800	$113,620	N/A		$544,232	N/A
Martin County, HMFA	Martin	$99,900	$114,885	N/A		$544,232	N/A
Medina County, HMFA	Medina	$104,227	$119,861	N/A		$579,037	N/A
Mitchell County	Mitchell	$103,200	$118,680	N/A		$544,232	N/A
Midland, HMFA	Midland	$110,400	$126,960	N/A		$544,232	N/A
Odessa MSA	Ector*	$98,800	$113,620	$118,560	$138,320	$544,232	$665,173
Oldham County, HMFA	Oldham	$98,800	$113,620	N/A		$544,232	N/A
Pecos County	Pecos*	$98,800	$113,620	$118,560	$138,320	$544,232	$665,173
Reagan County	Reagan	$98,800	$113,620	N/A		$544,232	N/A
Roberts County	Roberts	$98,800	$113,620	N/A		$544,232	N/A
San Angelo MSA	Irion, Tom Green*	$98,800	$113,620	$118,560	$138,320	$544,232	$665,173
San Antonio-New Braunfels, MSA	Atascosa, Bandera, Bexar*, Comal, Guadalupe*, Wilson	$104,227	$119,861	$125,072	$145,918	$579,037	$707,712
Schleicher County	Schleicher	$98,800	$113,620	N/A		$544,232	N/A
Sherman-Denison, MSA	Grayson*	$98,800	$113,620	$118,560	$138,320	$544,232	$665,173
Somervell County, HMFA	Somervell	$98,800	$113,620	N/A		$544,232	N/A
Stonewall County	Stonewall	$98,800	$113,620	N/A		$544,232	N/A
	Washington	$99,700	$114,655	N/A		$544,232	N/A
Ward County	Ward	$98,800	$113,620	N/A		$544,232	N/A
Wise County, HMFA	Wise	$105,700	$121,555	N/A		$585,006	N/A
Yoakum County	Yoakum	$98,800	$113,620	N/A		$544,232	N/A

* Property must be located in a qualified targeted census tract to use the Targeted Area Limits.

"AMFI" - Area Median Family Income "MSA" - Metropolitan Statistical Area "HMFA" - HUD Metro FMR Area

* Targeted Areas are Areas of Severe Economic Distress

2 UNIT Purchase Price Limits - See Page 5

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By The Texas Homebuyer Program

Texas Mortgage Credit Certificate
By The Texas Homebuyer Program

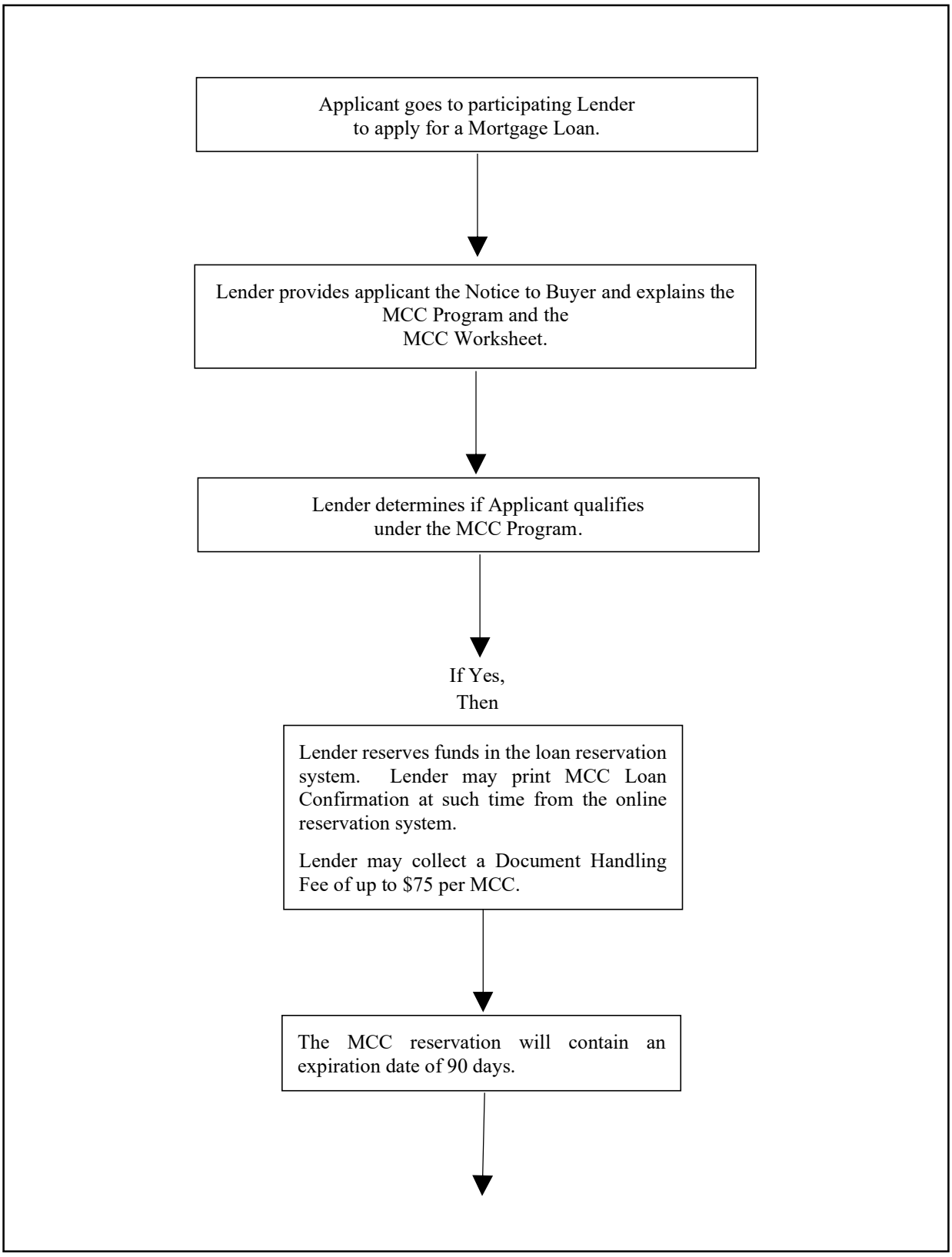
Purchase Price Limits - 2 UNIT PROPERTIES

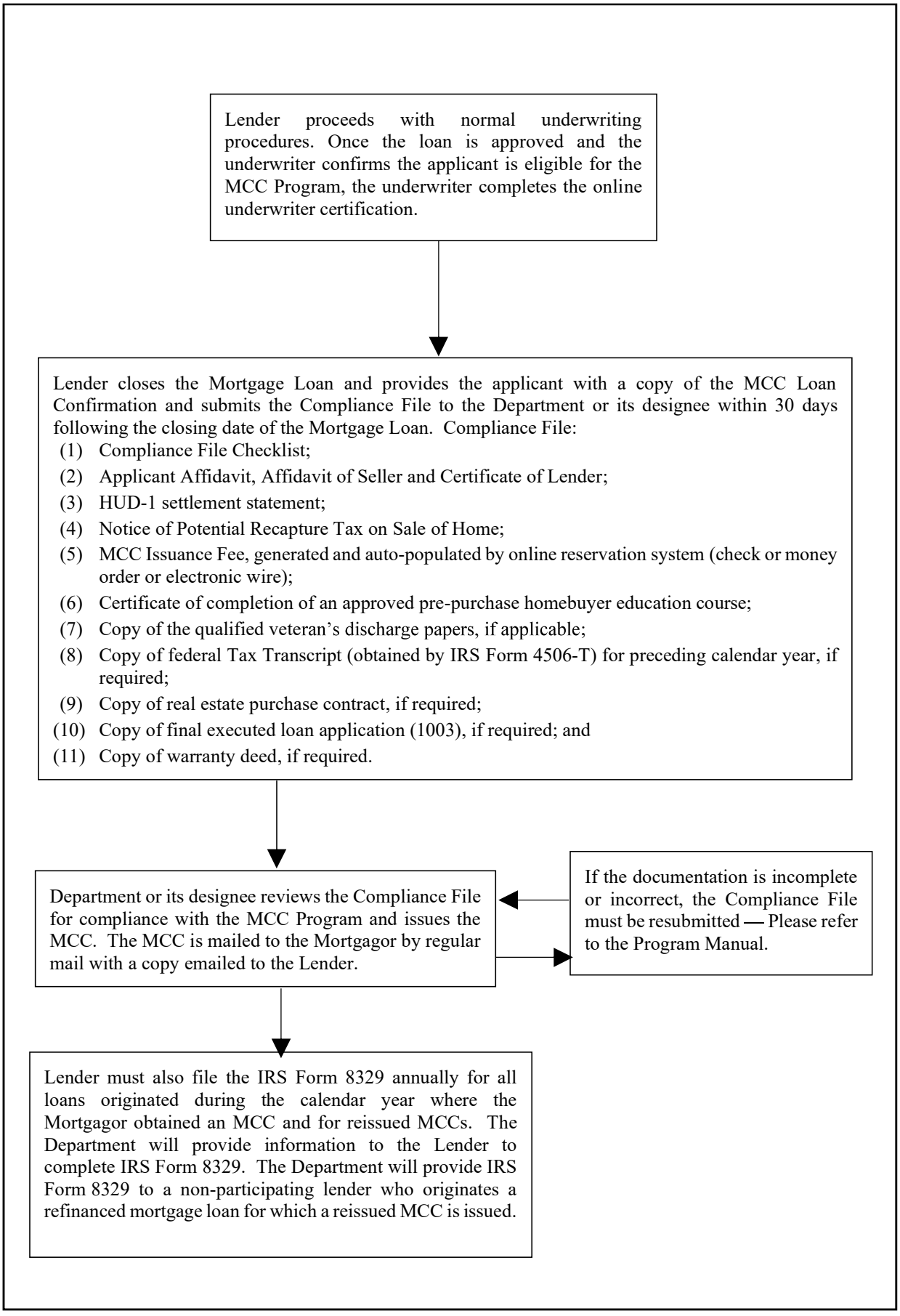
Area of State	Counties in Area	2-Unit Non Targeted Area Limits	2-Unit * Targeted Area Limits
COUNTIES NOT LISTED BELOW ARE SUBJECT TO BALANCE OF STATE INCOME LIMITS use this row -->		**$696,816**	**$851,665**
Amarillo, HMFA	Armstrong, Carson, Potter*, Randall*	$696,816	$851,665
Andrews County	Andrews	$696,816	No Targeted Census Tracts in County
Austin County, HMFA	Austin	$696,816	No Targeted Census Tracts in County
Austin-Round Rock, MSA	Bastrop, Caldwell, Hays*, Travis* & Williamson*	$759,626	$928,431
Blanco County	Blanco	$696,816	No Targeted Census Tracts in County
Borden County	Borden	$696,816	No Targeted Census Tracts in County
Brazoria County, HMFA	Brazoria	$696,816	No Targeted Census Tracts in County
Cooke County	Cooke*	$696,816	$851,665
Crane County	Crane	$696,816	No Targeted Census Tracts in County
Dallas, HMFA	Collin*, Dallas*, Denton*, Ellis, Hunt*, Kaufman* & Rockwall	$748,933	$915,362
Fort Worth - Arlington, HMFA	Johnson*, Parker & Tarrant*	$748,933	$915,362
Gillespie County	Gillespie	$696,816	No Targeted Census Tracts in County
Glasscock County	Glasscock	$696,816	No Targeted Census Tracts in County
Hartley County	Hartley	$696,816	No Targeted Census Tracts in County
Hemphill County	Hemphill	$696,816	No Targeted Census Tracts in County
Hood County, HMFA	Hood	$696,816	No Targeted Census Tracts in County
Houston-The Woodlands-Sugar Land,	Chambers, Fort Bend*, Galveston*, Harris*, Liberty, Montgomery* & Waller	$696,816	$851,665
Jackson County	Jackson	$696,816	No Targeted Census Tracts in County
Kendall County, HMFA	Kendall	$741,250	No Targeted Census Tracts in County
Kent	Kent	$696,816	No Targeted Census Tracts in County
King County	King*	$696,816	$851,665
Lipscomb County	Lipscomb	$696,816	No Targeted Census Tracts in County
Loving County	Loving	$696,816	No Targeted Census Tracts in County
Martin County, HMFA	Martin	$696,816	No Targeted Census Tracts in County
Medina County, HMFA	Medina	$741,250	No Targeted Census Tracts in County
Midland, HMFA	Midland	$696,816	No Targeted Census Tracts in County
Mitchell County	Mitchell	$696,816	No Targeted Census Tracts in County
Odessa MSA	Ector*	$696,816	$851,665
Oldham County, HMFA	Oldham	$696,816	No Targeted Census Tracts in County
Pecos County	Pecos*	$696,816	$851,665
Reagan County	Reagan	$696,816	No Targeted Census Tracts in County
Roberts County	Roberts	$696,816	No Targeted Census Tracts in County
San Angelo MSA	Irion, Tom Green*	$696,816	$851,665
San Antonio-New Braunfels, MSA	Atascosa, Bandera, Bexar*, Comal, Guadalupe* & Wilson	$741,250	$905,973
Schleicher County	Schleicher	$696,816	No Targeted Census Tracts in County
Sherman-Denison, MSA	Grayson*	$696,816	$851,665
Somervell County, HMFA	Somervell	$696,816	No Targeted Census Tracts in County
Stonewall County	Stonewall	$696,816	No Targeted Census Tracts in County
Ward County	Ward	$696,816	No Targeted Census Tracts in County
Wise County, HMFA	Wise	$748,933	No Targeted Census Tracts in County
Yoakum County	Yoakum	$696,816	No Targeted Census Tracts in County

* Property must be located in a qualified targeted census tract to use the Targeted Area Limits.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
MORTGAGE CREDIT CERTIFICATE (MCC) PROGRAM

MCC ISSUANCE PROCEDURES




Lender proceeds with normal underwriting procedures. Once the loan is approved and the underwriter confirms the applicant is eligible for the MCC Program, the underwriter completes the online underwriter certification.
Lender closes the Mortgage Loan and provides the applicant with a copy of the MCC Loan Confirmation and submits the Compliance File to the Department or its designee within 30 days following the closing date of the Mortgage Loan. Compliance File:
(1) Compliance File Checklist;
(2) Applicant Affidavit, Affidavit of Seller and Certificate of Lender;
(3) HUD-1 settlement statement;
(4) Notice of Potential Recapture Tax on Sale of Home;
(5) MCC Issuance Fee, generated and auto-populated by online reservation system (check or money order or electronic wire);
(6) Certificate of completion of an approved pre-purchase homebuyer education course;
(7) Copy of the qualified veteran's discharge papers, if applicable;
(8) Copy of federal Tax Transcript (obtained by IRS Form 4506-T) for preceding calendar year, if required;
(9) Copy of real estate purchase contract, if required;
(10) Copy of final executed loan application (1003), if required; and
(11) Copy of warranty deed, if required.
Department or its designee reviews the Compliance File for compliance with the MCC Program and issues the MCC. The MCC is mailed to the Mortgagor by regular mail with a copy emailed to the Lender.
If the documentation is incomplete or incorrect, the Compliance File must be resubmitted — Please refer to the Program Manual.
Lender must also file the IRS Form 8329 annually for all loans originated during the calendar year where the Mortgagor obtained an MCC and for reissued MCCs. The Department will provide information to the Lender to complete IRS Form 8329. The Department will provide IRS Form 8329 to a non-participating lender who originates a refinanced mortgage loan for which a reissued MCC is issued.

PROGRAM MANUAL

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

MORTGAGE CREDIT CERTIFICATE PROGRAM

Program Administered by:

Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78701
(512) 475-0277

Hilltop Securities, Inc.
717 N Harwood St, Suite 3400
Dallas, TX 75201
(214) 953-4231

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
MORTGAGE CREDIT CERTIFICATE PROGRAM

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TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
MORTGAGE CREDIT CERTIFICATE PROGRAM

INTRODUCTION

Pursuant to Chapter 1372 of the Texas Government Code and the rules promulgated by the Texas Bond Review Board thereunder, Texas Department of Housing and Community Affairs (the "Department") has received a private activity bond volume cap allocation in the aggregate amount of $[250,000,000] to conduct a single-family mortgage program in Texas (the "Eligible Loan Area"). Capitalized terms used in this Program Manual are defined under the caption "Definitions."

General Overview

A mortgage credit certificate (a "MCC") is an instrument designed to assist persons of low to moderate income to better afford individual ownership of housing. The procedures for issuing MCCs were established by the United States Congress as an alternative to the issuance of single-family mortgage revenue bonds. As distinguished from a bond program, in an MCC program no bonds are issued, no mortgage money is actually raised, many of the costs associated with a bond program are not incurred, and lenders are required to pay only nominal up-front fees.

MCCs are issued directly to qualifying Applicants who are then able each year to take a tax credit equal to a specified percentage of the interest paid on their mortgages. The Mortgage Credit Certificate Rate for the Program initially will be [20%] and subject to change as specified in the periodic distribution of Rate Notices; provided during any period for which the Mortgage Credit Certificate Rate for the Program is in excess of 20%, the tax credit amount would be limited to $2,000. Thus, an Applicant with a $200,000 mortgage at a 6.00% annual interest rate would realize the following approximate savings in the example listed below:

Mortgage Amount:	$200,000
Interest Rate:	6.00%
Total Interest Paid First Year:	$ 12,000
(Mortgage Credit Certificate Rate):	x 20%
	$ 2,400

(Based upon a 30-year mortgage with equal monthly installments of principal and interest.)

During the first full year of the Program, this Applicant would be entitled to a tax credit of approximately $2,400. Based upon such an entitlement, he or she would be able to file in advance a revised W-4 withholding form taking into consideration this tax credit. Taxpayers who file itemized returns may take a deduction for their mortgage interest paid each year, less an amount equal to the tax credit taken, as calculated in accordance with IRS Form 8396. In the above example, the additional interest deduction would be equal to the total interest paid, less the amount of the applicable tax credit (i.e., $12,000 less $2,400, or $9,600). Homeowners receiving MCCs should consult a tax professional for specific calculations based on individual loan scenarios.

The benefit to the homeowner cannot exceed the amount of federal taxes paid each year after other credits and deductions have been taken into account. Any unused MCC tax credit can be carried forward up to three years to be applied against future income tax liability. For example, if a homeowner is eligible for a $2,000 tax credit, but only has a tax liability of $1,700, the homeowner may carry forward the $300 amount to the succeeding three years and apply it in a year in which the homeowner's tax liability exceeds the credit amount for that year. In addition, all or a portion of the MCC tax credit may be subject to recapture if the residence is sold within nine years of purchase.

This tax credit recapture is further explained in the Notice of Potential Recapture Tax on Sale of Home found at Tab 5 of this Program Manual.

A purchaser of a new home or existing home may apply for an MCC through a participating Lender at the time he or she applies for a mortgage from the Lender.

Since the Department will not make or hold these mortgages, the Department will not underwrite the loans. Rather, all loan approval, underwriting and execution of required state and federal certifications or Affidavits will be performed by the Lenders participating in the Program. The Department or its designee will receive executed certificates and Affidavits on each application from a Lender in order to determine eligibility for the Program. Lenders will process mortgage loans of all types, using normal procedures, with additions to procedures at relevant points in order to satisfy Program requirements.

The Department encourages all who believe they qualify to apply for an MCC at the offices of a participating Lender who can explain the Program and its restrictions. Use of the Notice to Buyers included at Tab 1 in this Program Manual can assist Lenders and Applicants in determining whether or not an Applicant can qualify for the Program. The Lender should be well-versed in the state, federal and local restrictions outlined in this Program Manual so that Applicants are aware of these restrictions before the application is taken. The Lender must reject applicants who do not qualify under the restrictions of the Program.

Of each MCC allocation received, 20% will be set aside for the first year of the Program for use in connection with the issuance of MCCs to owners of homes located within federally-designated targeted areas ("Targeted Areas").

The purpose of this Program Manual is to describe the Program, set forth the relevant state and federal restrictions, identify the respective roles of the Department, the Lender, the Applicant and the Seller, and to detail the processing procedures. The Program definitions, MCC processing documents and applicable federal regulations are included in this Program Manual for your reference.

The Department may revise this Program Manual from time to time by issuing amendments hereto.

DEFINITIONS

As used in this Program Manual, the following words and terms have the meaning set forth below:

Affidavits. An affidavit filed in connection with the Program made under oath and subject to the penalties of perjury and the civil penalties provided herein.

Applicant. Any person or persons: (i) whose Income does not exceed the Income Limits; (ii) who intends to occupy the Residence to be financed with a loan as his or her Principal Residence within a reasonable period (not to exceed 60 days) following the making of such loan; (iii) who has not had a present Ownership interest in a Principal Residence at any time during the three-year period ending on the date of execution of the loan; provided, however, that the three-year requirement does not apply to an Applicant who (a) purchases a Residence located in a Targeted Area or (b) is a Qualified Veteran; (iv) who has not had an existing mortgage (including a deed of trust, conditional sales contract, pledge, agreement to hold title in escrow or any other form of owner-financing), whether or not paid off, on the Residence to be financed with such loan at any time prior to the execution of the loan, other than an existing mortgage securing a construction period loan, bridge loan or similar temporary financing initially incurred for the sole purpose of acquiring the Residence, initially incurred within 24 months of execution of the loan and having an original term not exceeding 24 months; and (v) who is a United States citizen, a lawful permanent resident alien or a non-permanent resident alien who is eligible to work in the United States, in each case with a valid social security number or individual tax identification number, and who meets the criteria set forth in this Program Manual.

Commitment Lot Notice. The notice from the Department to the Program Administrator in substantially the form of Exhibit D-1.

Compliance File. The documents required to be submitted by the Lender or closing agent within 30 days of closing date of the loan, as attached to the Compliance File Checklist (See Tab 3 of this Program Manual).

Department. Texas Department of Housing and Community Affairs and its successors and assigns.

Duplex. A two-family residence in which one unit will be occupied by the Applicant as his or her Principal Residence and the units were first occupied for residential purposes at least five years prior to the closing date of the loan associated with the MCC.

Eligible Loan Area. State of Texas.

Existing Housing. A single-family dwelling unit that has been previously occupied prior to loan commitment.

Family. Any person or persons living together not contrary to law.

FICO Credit Score. A method of assessing credit risk based on the statistical probability of repayment of debt developed by Fair, Isaac & Co. FICO Credit Scores assign relative risk rankings to applicants based on a statistical analysis of their credit histories.

Income. All income of the Applicant and anyone else who will occupy the Residence and will be secondarily liable on the mortgage loan. The Income Limits are set forth in the Notice to Buyers, the Program Summary and on the Department's website.

Lender. A bank, trust company, savings bank, mortgage company, mortgage banker, credit union, national banking association, savings and loan association, life insurance company, or other financial institution authorized to transact business in the Eligible Loan Area and approved as a mortgage lender by the Department, which in any case in its regular course of business makes loans which would qualify for MCC assistance, is authorized to do business in the Eligible Loan Area, and has entered into a Master Mortgage Origination Agreement and a MCC Program Participation Agreement with the Department.

MCC. A mortgage credit certificate issued pursuant to the terms and conditions of the Program, the annual federal income tax credit for which shall not exceed $2,000.

Mortgage Credit Certificate Rate or MCC Rate. For purposes of this Program, the Mortgage Credit Certificate Rate(s) shall be specified in the periodic distribution of Rate Notices. The Department may change the Mortgage Credit Certificate Rate from time to time based on borrower demand and financial market conditions. Initially, the Mortgage Credit Certificate Rates shall be 20%.

New Housing. A single-family dwelling unit that is proposed to be constructed, currently under construction, or existing but not previously occupied.

Ownership. Ownership by any means, whether outright or partial, including property subject to a mortgage or other security interest, including a fee simple ownership interest, a joint ownership interest by joint tenancy, tenancy in common, or tenancy by the entirety, an ownership interest in trust, a life estate interest, a purchase by a land contract or contract for deed. The term does not include (i) a remainder interest; (ii) a lease with or without an option to purchase; (iii) a mere expectancy to inherit an interest; (iv) the interest that a purchaser of a Residence acquires on the execution of a purchase contract; and (v) an interest in other than a Principal Residence. An Ownership interest in a mobile home or other factory-made housing which was permanently affixed to real property owned by the Applicant constitutes Ownership in a Principal Residence.

Principal Residence. A Residence that the Applicant reasonably expects to become the principal Residence of the Applicant within a reasonable time after execution of the loan to provide financing for the Residence and that will, depending on all facts and circumstances (including the good faith of the Applicant) be occupied by the Applicant for residential purposes.

Program. Texas Department of Housing and Community Affairs Mortgage Credit Certificate Program, designated as Program 113.

Program Manual. Texas Department of Housing and Community Affairs Mortgage Credit Certificate Program, Program Manual, as revised and amended by the Department from time to time.

Program Summary. Texas Department of Housing and Community Affairs Mortgage Credit Certificate Program, Program Summary, as revised and amended by the Department from time to time.

Purchase Price. The term "Purchase Price" has the meaning given to the term "Acquisition Cost" under Internal Revenue Code Section 143 and the regulations thereunder, which currently is the cost to an Applicant of acquiring a Residence from the Seller as a completed residential unit, including: (i) all amounts paid, either in cash or in kind, by the Applicant (or a related party or for the benefit of the Applicant) to the Seller (or a related party or for the benefit of the Seller) as consideration for the Residence; (ii) if the Residence is incomplete, the reasonable cost of completing the Residence; and (iii) if the Residence is purchased subject to a ground rent, the capitalized value of the ground rent calculated using a discount rate authorized by the Internal Revenue Service. "Purchase Price" does not include: (i) usual and reasonable settlement and financing costs (including title and transfer fees, title insurance, survey fees, credit reference fees, legal fees, appraisal expenses, points paid by the Applicant (but not points paid by the Seller) and other similar costs), but only to the extent that such amounts do not exceed the usual and reasonable costs which would be paid by the Applicant in a case in which financing is not assisted by the issuance of an MCC or provided through the issuance of tax-exempt bonds (for example, if the Applicant agrees to pay more than a pro rata share of property taxes, such excess shall be treated as part of the Purchase Price); and (ii) the value of services performed by the Applicant or members of the Applicant's family (including brothers and sisters (whether by whole or half blood), spouse, ancestors and lineal descendants only) in completing the Residence. The Purchase Price Limits are set forth in the Notice to Buyers, the Program Summary and on the Department's website. The Purchase Price limits applicable to Duplexes are set forth on the Department's website.

Qualified Veteran. An Applicant who is a "veteran" (as defined in 38 U.S.C. Section 101) who has not previously obtained a loan financed by single-family mortgage revenue bonds utilizing the veteran exception set forth in Section 143(d)(2)(D) of the Internal Revenue Code of 1986, as amended.

Rate Notice. The notice from the Department or its designee posted at https://thetexashomebuyerprogram.com/rates, or, if rate notices are no longer posted on such websites, in substantially the form of Exhibit D-2.

Residence. The term "Residence" is more fully described in the Applicant Affidavit contained at Tab 2. A Residence includes a single-family house, a Duplex, condominium unit, or mobile home permanently affixed to real property. The term Residence also includes any manufactured home in one or more sections which in the traveling mode is 8 body feet or more in width and 40 body feet or more in length and when erected on site is 320 or more square feet and which is built on a permanent chassis and designed to be used as a dwelling and connected to the required utilities, including plumbing, heating, air conditioning and electrical systems contained therein and meets the HUD minimum standards set forth in Title 24 parts 3280, 3282 and 42 U.S.C. 5401 et seq. A manufactured home must have been constructed after June 21, 1978, and be permanently affixed to the real property which will be owned by the Applicant and subject to the mortgage loan that is associated with the MCC. The term Residence does not include recreational vehicles, campers, manufactured homes not permanently affixed to real property and other similar vehicles. It does not include property such as appliances or a piece of furniture, which, under applicable local law, is not a fixture.

Targeted Area. The census tracts identified in Exhibit B may be amended from time to time within the Eligible Loan Area that are "qualified census tracts", which include certain census tracts identified by the United States Treasury Department in Revenue Procedure 2014-14 as having a substantial number of lower-income persons.

LOAN PROCESSING PROCEDURES AND PROGRAM ADMINISTRATION

Applicants that may be eligible for participation in the Program should apply for MCCs in conjunction with their normal mortgage loan applications. Applicants must make applications for conventional, FHA, VA, or USDA-RHS at the mortgage lending institution of their choice participating in the Program before applying for an MCC.

The MCC processing procedures are designed to coincide with the regular, on-going mortgage loan processing and underwriting procedures that are in place at most mortgage lending institutions. The Department recognizes that there are procedural variations among the participating Lenders; consequently, the procedures outlined herein are meant to be suggestive with respect to the sequence of events. However, all the elements of the processing sequence noted below must at some point be completed by the responsible party.

The fees of the Program are set forth at each step in the processing procedures which follow, and the fees charged by the Lender may in no event exceed the fees specified in this Program Manual. A Schedule of Fees is attached hereto as Exhibit A.

The following is the loan processing and Program administration flow chart for the MCC Program:

A. Loan Origination and MCC Reservation

1. The Applicant applies for a loan from a participating Lender.

2. The Lender gives the Applicant a Notice to Buyers that explains the Program and contains consumer information. (See Tab 1 of this Program Manual for this Guide.) The Notice to Buyers is intended to present certain facts to the Applicant concerning the restrictions, regulations, and prohibitions of the Program because of certain federal, state and Department regulations, as well as explain the penalties for misuse of the Program. It is imperative that the Applicant understands the terms and conditions of the Program. During the initial interview, it is the responsibility of the Lender to explain the terms and conditions of the Program to the Applicant, and to make sure that the Applicant receives a copy of the Notice to Buyers. The Notice to Buyers must be signed by the Applicants and returned to the Lender for inclusion in the Compliance File.

3. The Lender generally determines if the Applicant is a possible candidate for an MCC, based on preliminary indications of Income, Purchase Price, prior Ownership, and tax liability.

4. No MCC funds may be reserved prior to the date specified in the applicable Rate Notice. All persons interested in making applications for an MCC at a participating Lender must be considered on a first-come, first-served basis, and must have an application for a mortgage loan on file with the Lender.

5. Upon fully discussing the Program with the Applicant and gathering all of the necessary documentation to verify the Applicant's eligibility, the Lender is ready to begin the reservation process. The Lender will reserve the MCC funds in the Department's or its designee's on-line reservation system. After reserving the funds the Lender will complete the underwriter's certification process and proceed with closing.

6. The Lender may provide the Applicant with a copy of IRS Form W-4 Employee's Withholding Allowance Certificate. The Applicant may complete the W-4, if necessary, to change his or her Federal withholding tax, adjusting it in an amount comparable to the expected MCC tax credit. (See Tab 7 of this Program Manual.)

7. **MCC reservations may not be transferred from one Lender to another. In the event an Applicant elects to change Lenders, the MCC reservation will be canceled and a new application and reservation process must be commenced by the Applicant with the new Lender.**

B. Lender Loan Approval and Verification

1. The Lender performs normal loan approval or underwriting procedures.

2. The Lender may consider the MCC when determining the amount of disposable income available for the monthly house payment in order to determine the Applicant's qualification for the loan. The Lender determines general acceptability in accordance with its own loan approval standards and applicable FNMA, FHLMC, FHA, VA, USDA-RHS, and private mortgage insurance standards and underwriting guidelines.

3. In conjunction with the Lender's regular verification process, the Lender performs reasonable investigation as to whether the Program requirements have been met as required by regulations noted in the certificate of the Lender. Lenders may verify these facts at different times and in various ways, depending upon the Lender's particular procedures for processing loans.

4. The Lender verifies that the Income Limits, Purchase Price Limits, and other non-credit Program requirements are met.

C. Loan Closing and Submission of Final MCC Program Documents

1. As part of the loan closing process, the Lender should have the Applicant sign the Applicant Affidavit. (See Tab 2 of this Program Manual.) This document contains certifications and Affidavits required of the Applicant by the federal MCC regulations and state requirements as follows:

   (a) Certification that the Applicant's annualized gross monthly Income does not exceed the applicable Income Limits.

   (b) Certification that the home will be used as a Principal Residence, and that the MCC holder will notify the Department when the home ceases to be the Principal Residence of the holder.

   (c) Certification that Applicant has not had an ownership interest in a Principal Residence during the preceding three-year period (unless an exception applies).

   (d) Certification that the Residence is located within the Eligible Loan Area.

   (e) Certification that the loan is a new mortgage loan.

   (f) Certification that the loan applied for does not constitute a prohibited mortgage.

   (g) Certification that the Purchase Price does not exceed the Purchase Price Limits.

   (h) Certification that the Applicant was not forced to apply through a particular Lender.

   (i) Certification that no interest is being paid to a related person.

   (j) To the extent applicable, certification that there are no allocations to particular developments as described in Treasury Regulation §1.25-3T(k).

   (k) To the extent applicable, certification of the Applicant's status as a Qualified Veteran.

   (l) Acknowledgment that any material misstatement or fraud is made under penalty of perjury and the civil penalties provided herein.

2. The Lender should also provide the Applicant with the Notice of Potential Recapture Tax on Sale of Home to Applicant (See Tab 5 of this Program Manual), which must be signed by the Applicant at closing.

3. Either the Lender or the closing agent submits to the Department or its designee a completed and executed Compliance File by regular mail, overnight delivery, or electronic submission.

4. The Compliance File includes all of the executed certifications and Affidavits noted herein. Each document must be complete and signed where appropriate. All documents must be dated within six (6) months of the submission date to the Department. Original or certified copies of documents should be sent to the Department or its designee, except as otherwise indicated. The eligibility of an Applicant shall be determined by the Lender. The Lender must review the Compliance File Checklist and related documents to determine their completeness in accordance with the terms of this Program Manual. Reasonable efforts should be undertaken to verify the information given, either independently or concurrently with underwriting procedures.

5. The Compliance File will specifically include the following documents:

   (a) The Applicant Affidavit, along with federal tax transcripts or signed tax returns (including all schedules) for the previous three years (such federal tax transcripts are not required for loans made in Targeted Areas or for an Applicant who is a Qualified Veteran). Federal tax transcripts can be requested from the IRS by the Applicant by using IRS Form 4506-T;

   (b) The Affidavit of Seller, certifying the Purchase Price of the Residence and certain other matters contained therein (See Tab 2 of this Program Manual for this document) (signature is waived for a real estate owned property);

   (c) A Certificate of the Lender, certifying that the Lender has performed a reasonable investigation to make the required Program determinations (See Tab 2 of this Program Manual for this document). Further, by its submission, the Lender certifies that all Program eligibility requirements have been met, and that the loan fees are reasonable relative to other loans not associated with MCCs;

   (d) A photocopy of the closing disclosure executed by all parties;

   (e) The Notice of Potential Recapture Tax on Sale of Home, executed by the Applicant (See Tab 5 of this Program Manual for this document);

   (f) The MCC Issuance Fee in the amount as specified in the periodic distribution of Rate Notices in the form of an electronic payment order made payable to the Department or its designee. The MCC Issuance Fee may be paid by the Applicant, the Seller, the Lender or any other person on the Applicant's behalf. In addition to the MCC Issuance Fee and the other fees provided herein, the Lender may collect and retain at loan closing an MCC Document Handling Fee of up to $75. Such Fee may be paid by the Applicant, the Seller or any other person on the Applicant's behalf;

   (g) The Applicant's certificate of completion of an approved pre-purchase homebuyer education course;

   (h) A copy of the Qualified Veteran's discharge papers, if applicable;

   (i) The Applicant's federal tax transcript or signed tax returns (obtained by IRS Form 4506-T) for the preceding calendar year (applicable only to loans closed after February 15th). All loans closed after February 15 of each year will require the prior year's federal tax transcript prior to issuance of the MCC;

(j) A copy of the real estate purchase contract for the Residence, if required;

(k) A copy of the final executed loan application (1003) submitted to the Lender, if required; and

(l) A copy of the Warranty Deed, if required.

6. ALL DOCUMENTS LISTED ON THE COMPLIANCE FILE CHECKLIST MUST BE SUBMITTED TO THE DEPARTMENT OR ITS DESIGNEE WITHIN 30 DAYS FOLLOWING THE CLOSING DATE OF THE MORTGAGE LOAN.

D. Issuance of MCC

The Department or its designee confirms the completion of the Applicant's file, that the loan was closed as evidenced by the Compliance File, and that the Applicant has met the requirements for issuance of an MCC. The Department then forwards to the Applicant, with a copy to the Lender, an executed MCC dated as of the closing date of the loan. (See Exhibit C for the MCC form.) A copy of the MCC is retained by the Department.

E. Suspended File; Resubmission of MCC Documents

If a Compliance File is incomplete or incorrect, the file will be suspended and the Lender will be given up to thirty (30) days from the date of contact by the Department to submit complete and/or revised documentation. Any resubmission of a Compliance File that has been returned or denied by the Department must include all information which the Department has determined necessary for reconsideration.

F. MCC Cancellations

Any suspended Compliance File that is not cleared for MCC issuance within thirty (30) days will be cancelled by the Department under the Notice of Cancellation provided under Tab 8 of this Program Manual. The Lender should cancel MCC reservations in the on-line reservation system.

G. Reissuance of MCC

The Department shall, upon payment by the MCC holder of a Reissuance Fee, issue a reissued MCC for certain refinancings under Treas. Regs. §1.25-3(p) if the Department receives to its satisfaction evidence that:

(i) The reissued MCC is issued to the holder of an existing MCC with respect to the same property to which the existing MCC relates.

(ii) The reissued MCC entirely replaces the existing MCC (that is, the holder cannot retain the existing MCC with respect to any portion of the outstanding balance of the certified mortgage indebtedness specified on the existing MCC).

(iii) The certified mortgage indebtedness specified on the reissued MCC does not exceed the remaining outstanding balance of the certified mortgage indebtedness specified on the existing MCC.

(iv) The reissued MCC does not increase the Mortgage Credit Certificate Rate specified in the existing MCC.

(v) The expiration date on the reissued MCC is not later than the expiration date on the existing MCC.

(vi) The reissued MCC does not result in an increase in the tax credit that would otherwise have been allowable to the holder under the existing MCC for any taxable year. The holder of a reissued MCC determines the amount of tax credit that would otherwise have been allowable by multiplying the interest that was scheduled to have been paid on the refinanced loan by the Mortgage Credit Certificate Rate of the existing MCC. In the case of a series of refinancings, the tax credit that would otherwise have been allowable is determined from the amount of interest that was scheduled to have been paid on the original loan and the Mortgage Credit Certificate Rate of the original MCC.

H. Changes Prior to Closing

The Lender must notify the Department or its designee of any changes that affect the conditions under which the MCC was reserved.

1. Changes in the Applicant's Financial Condition Prior to Closing

The eligibility of an Applicant for an MCC is based upon the Applicant's Income and Family size. Changes in the Applicant's financial status or Family size may affect the eligibility for an MCC. Upward changes in Income, whether or not foreseen or predictable at the time of the reservation, and changes in the working status of a spouse from unemployed to employed may also affect eligibility. If the Applicant marries prior to closing, the new spouse must satisfy the prior home Ownership requirements contained in the Applicant Affidavit, and the Applicant Affidavit must be completed by both spouses and submitted with the Compliance File. Any Income added to the Family Income may affect the eligibility of the Applicants.

2. Changes in Home Ownership Status, Purchase Price and Amount of Loan Prior to Closing

If the Applicant acquires a present ownership interest in a Principal Residence prior to loan closing and/or if the total Purchase Price of the Residence purchased in connection with the MCC increases so as to exceed the Purchase Price Limitations set forth herein, the MCC reservation must be canceled.

3. Other Changes in Circumstances Prior to Closing

The Lender must immediately notify the Department or its designee in writing of any change in the circumstances upon which the MCC reservation was made. If any other change of the circumstances upon which the MCC reservation was made results in the Applicants not meeting the requirements for a qualified MCC, the MCC reservation must be canceled.

I. Record-Keeping and Federal Report Filing

1. For each calendar quarter during which the Department issues MCCs beginning with the quarter in which the election to issue that MCCs is made, it must make reports on IRS Form 8330. The report must include:

(a) Name, address, and ITIN (social security number or individual tax identification number) of the Department.

(b) Date of election.

(c) The sum of the products of the certified indebtedness amount (loan amount), and the Mortgage Credit Certificate Rate, for each MCC issued.

(d) Name, address, and TIN of each MCC holder where an MCC was revoked.

2. Annually, the Department must report to the Internal Revenue Service:

   (a) The number of MCCs by Income and Purchase Price as required by IRS reporting regulations.

   (b) The volume of MCCs by Income and Purchase Price as required by IRS reporting regulations.

3. For each calendar year during which it originates loans to Applicants obtaining MCCs or issues a reissued MCC, the Lender must file an annual report using IRS Form 8329 with respect to such MCCs and reissued MCCs. Prior to the filing deadline for such report, the Department will assist in furnishing to the Lender the information in its records necessary for the Lender to complete IRS Form 8329. For each reissued MCC, the lender for the refinanced loan, if not a participating Lender, shall acknowledge and agree to file an IRS Form 8329 with respect to such reissued MCC by signing the Refinancing Lender Acknowledgment (See Tab 6B of this Program Manual).

4. For 6 years, the Lender must retain:

   (a) Name, address, and TIN of each MCC holder.
   (b) Name, address, and TIN of the Department.
   (c) Date of loan, certified indebtedness amount, and Mortgage Credit Certificate Rate.

5. In January following each year during which MCCs are issued, the Department will attempt to mail an IRS Form 8396 to each MCC holder of record as a reminder to properly declare the MCC tax credit for federal income tax purposes.

J. Revocation of MCCs

1. Automatic revocation occurs when the Residence related to the MCC ceases to be the MCC certificate holder's Principal Residence.

2. An MCC holder will have its MCC revoked if the holder does not meet the requirements for a qualified MCC.

3. Revocation will occur upon the discovery of any material misstatement, whether negligent or fraudulent, by any person related to the issuance of the MCC.

K. Curing Defects

In the event any defects are discovered in any certificate or Affidavit after an MCC has been issued, the Lender and the MCC holder shall be notified of such defect and given 60 days to cure it prior to revocation of the MCC.

L. Transfer of MCCs on Mortgage Assumptions

A loan assumption associated with an MCC will be treated as a new MCC application, and the procedure required by this Program Manual will be repeated. A single MCC Assumption Fee will be charged by the Department in connection with such transfers.

M. Post-Audit

The Department may perform a random case post-audit of the Lender records.

N. MCC Eligibility Denial

In the event a Lender determines that an Applicant is ineligible for an MCC, the Lender shall cancel the reservation in the on-line registration system.

O. Recapture of MCC Tax Credit

In the event an MCC holder sells his or her Principal Residence within 9 years of issuance of an MCC, a portion of the tax credit utilized by the holder may be subject to a recapture tax. See the Notice of Potential Recapture Tax on Sale of Home at Tab 5 of this Program for further information regarding tax credit recapture.

P. Targeted Area Reservation

For at least one year after the commencement of the Program, the Department will reserve twenty percent (20%) of the Department's MCC authority for home mortgage loans in Targeted Areas.

Q. Qualified Veterans

A Qualified Veteran is exempt from the three-year no prior home ownership requirement. The Qualified Veteran must (a) certify that (i) he or she has not previously obtained a mortgage loan financed by single-family mortgage revenue bonds utilizing the exception set forth in Section 143(d)(2)(D) of the Internal Revenue Code of 1986, as amended, and (ii) is utilizing the veteran exception set forth in Section 143(d)(2)(D) of the Internal Revenue Code of 1986, as amended and (b) provide copies of discharge papers, if applicable.

APPLICANT AND LOAN APPROVAL REQUIREMENTS

A. Overview

For loans involving MCCs, the loan approval and underwriting standards may be modified to reflect a recognition of the MCC derived federal income tax credit for mortgage interest in determining income, housing expense, and indebtedness ratios. The secondary mortgage market and the mortgage insurance industry have established underwriting policies for loans involving MCCs. These are available separately as policy statements from the mortgage lending industry.

The Applicant, Purchase Price, and mortgage underwriting requirements covered in this section are incorporated in the Program documents contained in this Program Manual. It will be necessary for all Applicants, participating Lenders and other parties to the transaction to complete and sign the appropriate Program documents and attest to their validity. The Lender will be required to submit certifications in which it will certify that it has reviewed Affidavits of the Applicant and the Seller and found them to be true and correct. If the Lender becomes aware of misstatements, whether negligently or intentionally made, it must notify the Department immediately. The Department reserves the right to take all appropriate actions including, if necessary, denial or revocation of the MCC. The Lender should also be aware, and inform the Applicant, that both federal and Texas law provide for fines and criminal penalties for misrepresentations made in connection with participation in the Program. In an attempt to assure that Program requirements are met, an Applicant Affidavit is required of each Applicant, and must be submitted to the Department.

The mortgage loan must be a fixed rate loan and financed from sources other than tax-exempt mortgage bonds or tax-exempt veterans' mortgage bonds. For mortgage loans using only an MCC, the mortgage may be a conventional, FHA, VA, or USDA-RHS loan, and will be at prevailing market rates.

B. Applicant Eligibility Requirements

Similar to any normal mortgage loan, the Applicant must meet the credit and underwriting criteria established by the participating Lender providing the loan. Based on relevant federal and state regulations, Applicants must also meet the following requirements specific to MCCs:

1. First-time Homebuyer Requirement. The Applicant who will become an MCC holder cannot have had an Ownership interest in a Principal Residence at any time during the preceding three years ending on the date on which the loan is executed. This requirement qualifies the Applicant as a "first-time homebuyer" with respect to the federal regulations. The Lender must obtain an Applicant Affidavit to the effect that the Applicant had no Ownership interest in a Principal Residence at any time during the three-year period prior to the date on which the loan is executed. This fact must be verified by the Lender through request for, and examination of, the Applicant's federal tax transcripts for the preceding three years to determine whether the Applicant has claimed a deduction for interest or taxes on property that was the Applicant's Principal Residence. The first-time homebuyer requirement does not apply to a loan made to finance a Residence in a Targeted Area or a loan made to a Qualified Veteran or in certain cases permitted under applicable provisions of the Code.

   For purposes of the first-time homebuyer requirement, a Principal Residence includes a single-family house, Duplex, condominium unit or mobile home. Ownership interest means ownership by any means, whether outright or partial, including property subject to a mortgage or other security interest. Ownership interest also means a fee simple ownership interest, a joint ownership interest by joint tenancy, tenancy in common, or tenancy by the entirety, an ownership interest in trust, a life estate interest, and purchase by a land contract or contract for deed. To meet the first-time homebuyer requirement, the Applicant must complete and sign the Applicant Affidavit and attach federal tax transcripts for the last three years to the Applicant Affidavit, which federal tax transcripts state the type of return filed by the Applicant for each tax year, the Applicant's filing status and adjusted gross income for the last three years. To summarize this procedure as it applies to different cases:

   (a) If the Applicant can produce federal tax transcripts stating the type of return filed (1040, 1040A or 1040EZ) for the last three years that show no deductions of interest or taxes for a Principal Residence, these forms must be submitted to the Lender and forwarded to the Department or its designee with the Applicant Affidavit.

   (b) The Department will not issue the MCC until receipt of federal tax transcripts (including all schedules), that show the type of return filed and that the Applicant took no deduction of interest or taxes for a Principal Residence for the years in question. The federal tax transcripts can be requested from the IRS by the Applicant by using IRS Form 4506-T.

   (c) In the unusual event the Applicant was not required by law to file federal income tax returns for any year during the preceding three years, it will be necessary for the Applicant to so state on the Applicant Affidavit forwarded to the Department with the other Program documents and to provide an IRS printout stating "No Record Found" for each applicable tax year.

   (d) When the loan is executed during the period between January 1 and February 15 and the Applicant has not yet filed his or her federal income tax return for the preceding year with the IRS, the Department may, with respect to such year, rely on an Applicant Affidavit stating that the Applicant is not entitled to claim deductions for taxes or interest on indebtedness with respect to property constituting his or her Principal Residence for the preceding calendar year.

   (e) If the loan is made in a Targeted Area or if the Applicant is a Qualified Veteran, the Applicant is not required to provide federal tax transcripts.

2. Principal Residence Requirement. The Applicant must use the Residence that involves the MCC as his or her Principal Residence. The Lender must obtain from the Applicant, via the Program documents, a statement of the Applicant's intent to use the Residence as his or her Principal Residence within a reasonable time (not to exceed 60 days) after the MCC is issued. This Affidavit further states that the MCC holder will notify the Lender and the Department if the Residence ceases to be his or her Principal Residence.

3. Revocation. An Applicant will have his or her MCC revoked if the Applicant does not meet the requirements for a qualified MCC. Revocation will occur upon the discovery of any material misstatement, whether negligent or fraudulent. Revocation will occur if the Residence to which the MCC relates ceases to be Applicant's Principal Residence.

4. Fraud. If the Applicant or MCC holder provides a certificate, Affidavit, or any other information to the Lender or the Department containing a material misstatement and such misstatement is due to fraud, then any MCC issued shall be automatically null and void without the need for any further action by the Department.

5. Penalties for Misstatement. If the Applicant makes a material misstatement in any Affidavit or certification made in connection with an application for the issuance of an MCC and such misstatement is due to negligence of the Applicant, the Applicant shall pay a civil penalty fee of $1,000 for each MCC with respect to which a misstatement was made. If any Applicant makes a material misstatement in any Affidavit or certification made in connection with application for or issuance of an MCC and such misstatement is due to fraud, the Applicant shall pay a penalty fee of $10,000 under Section 6709 of the Internal Revenue Code for each MCC with respect to which the fraudulent misstatement was made. The above-described civil penalties shall be imposed in addition to any criminal penalty provided by law.

6. Income Limits. The annual gross Income of an Applicant is limited to the applicable amount shown in the Notice to Buyers, the Program Summary and on the Department's website. These limits may be modified annually.

7. Purchase Price Limits. Initially, the Purchase Price limits shall be as set forth in the Notice to Buyers, the Program Summary and on the Department's website, but these amounts are subject to reduction by any applicable FHA limits, or such revised amounts as may be effective from time to time, as required by the federal regulations. The determination whether the residence meets the applicable Purchase Price limits shall be made as of the date of issuance of the MCC. Any revisions of the Purchase Price limits by the Department may rely on average area purchase price limitations published by the Treasury Department, any successor thereof, or as may be provided in Section 143 of the Internal Revenue Code, for the statistical area in which the residence is located.

8. Homebuyer Education. The Applicant must complete a pre-purchase homebuyer education course under the Program. The education requirement may be met by attending one-on-one counseling as provided through the Department's network of certified Texas Statewide Homebuyer Education Providers, HUD-approved counseling agencies, on-line counseling offered through the Department's Texas Homebuyer U, mortgage insurance companies and/or HUD, Fannie Mae, or Freddie Mac approved lender programs. The certificate of completion must be included in the Compliance File in order to satisfy this requirement.

9. Non-Purchasing Spouse. A non-purchasing spouse, whether or not such spouse is a U.S. citizen, must be considered in determining eligibility to participate in the Program. Although the spouse may not be an Applicant for the loan, and his or her income may be excluded for credit underwriting purposes, a spouse's income must be considered in the calculation of Income for purposes of the MCC. A non-purchasing spouse must also meet the first-time homebuyer requirement and the Principal Residence requirement. A non-purchasing spouse may disqualify the purchasing spouse even if the purchasing spouse fully meets the Program requirements. A non-purchasing spouse must provide federal tax transcripts and income information, even if the spouse has no income, as well as

executing all applicable Affidavits. Non-purchasing spouses must have a valid social security number or an Individual Tax Identification Number (ITIN).

C. Loan Requirements

1. New Loan Requirements. An MCC cannot be issued in conjunction with the acquisition or replacement of an existing loan or mortgage; however, an MCC can be used in conjunction with the replacement of construction period loans or bridge loans of a temporary nature. Construction period or bridge loans must be for no longer than 24 months. The Lender must obtain from the Applicant, via the Program documents, a statement to the effect that the loan being made in connection with the MCC will not be used to acquire or replace an existing mortgage or land contract, subject to the exceptions outlined above.

2. Prohibited Mortgages. An MCC cannot be used in conjunction with a qualified mortgage bond or a qualified veterans' mortgage bond. The Lender must obtain from the Applicant, via the Program documents, a statement that no portion of the financing of the Residence in connection with the MCC is provided from a qualified mortgage or veterans' bond.

3. No Interest Paid to Related Persons. No interest on the certified indebtedness amount of the loan can be paid to a person who is a related person to the certificate holder, as the term "related person" is defined in Section 144(a)(3)(A) of the Internal Revenue Code and regulations promulgated by the Internal Revenue Service pursuant thereto. The Lender must obtain from the Applicant, via the Program documents, a statement that a related person does not have, and is not expected to have, an interest as a creditor in the loan.

4. Transferability. If the loan is assumed by a new purchaser, the MCC may be transferable under certain circumstances:

   (a) The transferee must demonstrate he or she has assumed the liability for the remaining balance of the loan.

   (b) The new MCC must meet all the conditions of the original certificate, and any changes in federal, state or Department policy that amends the requirements of the original MCC.

5. Term of Mortgage Loans. Each mortgage loan associated with an MCC shall have a term of either 15 years or 30 years.

EXHIBIT A

SCHEDULE OF PROGRAM FEES AND EXPENSES

MCC Issuance Fee $400

This fee is submitted to the Department or its designee upon loan closing with all of the completed Program documents required for the issuance of an MCC. Upon receipt of the fee and the required documentation, the Department or its designee will issue an MCC to the borrower with a copy to the Lender.

Stand-Alone MCC Fee $500

This is an additional fee for Stand-Alone MCCs to be submitted to the Department or its designee upon loan closing with all of the completed Program documents required for the issuance of an MCC. Upon receipt of the fee and the required documentation, the Department or its designee will issue an MCC to the borrower with a copy to the Lender.

MCC Compliance Fee $225

This fee is submitted to the Department or its designee upon closing for compliance review.

Stand-Alone MCC Lender Participation Fee $1,750

This one-time fee is to be paid by the Lender and submitted with the MCC Program Participation Agreement to the Department or its designee. The Lender's participation will be noted on the Department's website. The Lender Participation Fee may be waived for Lenders who are current and active TDHCA Program Participants.

Late Fee $75

This fee may be charged to the Lender for a Compliance File that is sent to the Department or its designee more than thirty (30) days after the date of closing.

MCC Document Handling Fee $75

This fee may be charged and retained by the Lender to compensate it for handling the additional documentation required of it by the Program. The Lender additionally is authorized to charge its reasonable and customary fees and charges for origination of the loan.

MCC Reissuance Fee $50

This fee may be charged and retained by the Department or its designee to compensate it for handling and processing the issuance of a reissued MCC pursuant to a mortgage refinancing.

MCC Assumption Fee $125

This fee is submitted to the Department or its designee with the Applicant's new Application through a participating Lender.

Exhibit B

Qualified Census Tracts

Effective February 1, 2024

Texas, Anderson County, Census Tract 9507.00

Texas, Angelina County, Census Tract 0002.02

Texas, Angelina County, Census Tract 0005.00

Texas, Aransas County, Census Tract 9505.02

Texas, Bee County, Census Tract 9505.02

Texas, Bell County, Census Tract 0207.02

Texas, Bell County, Census Tract 0208.00

Texas, Bell County, Census Tract 0209.00

Texas, Bell County, Census Tract 0223.00

Texas, Bell County, Census Tract 0225.01

Texas, Bell County, Census Tract 0226.00

Texas, Bell County, Census Tract 0228.01

Texas, Bell County, Census Tract 0229.00

Texas, Bell County, Census Tract 0231.03

Texas, Bell County, Census Tract 0231.10

Texas, Bell County, Census Tract 0232.02

Texas, Bell County, Census Tract 0232.03

Texas, Bell County, Census Tract 0235.00

Texas, Bexar County, Census Tract 1105.00

Texas, Bexar County, Census Tract 1106.00

Texas, Bexar County, Census Tract 1107.00

Texas, Bexar County, Census Tract 1212.05

Texas, Bexar County, Census Tract 1214.04

Texas, Bexar County, Census Tract 1302.00

Texas, Bexar County, Census Tract 1304.02

Texas, Bexar County, Census Tract 1305.00

Texas, Bexar County, Census Tract 1306.00

Texas, Bexar County, Census Tract 1307.00

Texas, Bexar County, Census Tract 1308.00

Texas, Bexar County, Census Tract 1309.00

Texas, Bexar County, Census Tract 1310.00

Texas, Bexar County, Census Tract 1403.00

Texas, Bexar County, Census Tract 1410.00

Texas, Bexar County, Census Tract 1411.02

Texas, Bexar County, Census Tract 1505.02

Texas, Bexar County, Census Tract 1506.00

Texas, Bexar County, Census Tract 1508.00

Texas, Bexar County, Census Tract 1509.00

Texas, Bexar County, Census Tract 1601.00

Texas, Bexar County, Census Tract 1605.01

Texas, Bexar County, Census Tract 1605.02

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Texas, Bexar County, Census Tract 1715.02

Texas, Bexar County, Census Tract 1716.01

Texas, Bexar County, Census Tract 1716.02

Texas, Bexar County, Census Tract 1719.26

Texas, Bexar County, Census Tract 1802.02

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Texas, Bexar County, Census Tract 1810.04

Texas, Bexar County, Census Tract 1813.03

Texas, Bexar County, Census Tract 1905.01

Texas, Bexar County, Census Tract 1910.03

Texas, Bexar County, Census Tract 1910.04

Texas, Bexar County, Census Tract 1913.04

Texas, Bexar County, Census Tract 9801.00

Texas, Bowie County, Census Tract 0104.00

Texas, Bowie County, Census Tract 0105.00

Texas, Bowie County, Census Tract 0108.00

Texas, Bowie County, Census Tract 0115.02

Texas, Brazos County, Census Tract 0002.04

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Texas, Brown County, Census Tract 9507.00

Texas, Cameron County, Census Tract 0101.03

Texas, Cameron County, Census Tract 0106.03

Texas, Cameron County, Census Tract 0107.00

Texas, Cameron County, Census Tract 0108.02

Texas, Cameron County, Census Tract 0109.00

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Texas, Cameron County, Census Tract 0142.01

Texas, Cameron County, Census Tract 0143.00

Texas, Castro County, Census Tract 9503.00

Texas, Cherokee County, Census Tract 9505.00

Texas, Collin County, Census Tract 0317.23

Texas, Cooke County, Census Tract 0005.00

Texas, Coryell County, Census Tract 0105.04

Texas, Culberson County, Census Tract 9503.00

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Texas, Harris County, Census Tract 4325.01

Texas, Harris County, Census Tract 4327.04

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Texas, Harris County, Census Tract 4329.01

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Texas, Harris County, Census Tract 4332.01

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Texas, Harris County, Census Tract 4335.07

Texas, Harris County, Census Tract 4401.01

Texas, Harris County, Census Tract 4510.05

Texas, Harris County, Census Tract 4519.03

Texas, Harris County, Census Tract 4521.03

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Texas, Harris County, Census Tract 4531.00

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Texas, Harris County, Census Tract 4537.02

Texas, Harris County, Census Tract 5204.00

Texas, Harris County, Census Tract 5205.01

Texas, Harris County, Census Tract 5206.01

Texas, Harris County, Census Tract 5206.03

Texas, Harris County, Census Tract 5211.00

Texas, Harris County, Census Tract 5214.01

Texas, Harris County, Census Tract 5214.02

Texas, Harris County, Census Tract 5217.01

Texas, Harris County, Census Tract 5217.02

Texas, Harris County, Census Tract 5307.01

Texas, Harris County, Census Tract 5313.00

Texas, Harris County, Census Tract 5321.02

Texas, Harris County, Census Tract 5322.00

Texas, Harris County, Census Tract 5330.00

Texas, Harris County, Census Tract 5333.02

Texas, Harris County, Census Tract 5336.00

Texas, Harris County, Census Tract 5337.01

Texas, Harris County, Census Tract 5339.02

Texas, Harris County, Census Tract 5339.04

Texas, Harris County, Census Tract 5405.04

Texas, Harris County, Census Tract 5501.01

Texas, Harris County, Census Tract 5501.02

Texas, Harris County, Census Tract 5502.01

Texas, Harris County, Census Tract 5502.02

Texas, Harris County, Census Tract 5503.03

Texas, Harris County, Census Tract 5503.04

Texas, Harris County, Census Tract 5503.07

Texas, Harris County, Census Tract 5503.08

Texas, Harris County, Census Tract 5510.00

Texas, Harris County, Census Tract 5526.03

Texas, Harris County, Census Tract 5533.00

Texas, Harrison County, Census Tract 0204.01

Texas, Hays County, Census Tract 0103.02

Texas, Hays County, Census Tract 0103.05

Texas, Hays County, Census Tract 0103.06

Texas, Hays County, Census Tract 0103.07

Texas, Hays County, Census Tract 0103.09

Texas, Hays County, Census Tract 0104.01

Texas, Henderson County, Census Tract 9512.02

Texas, Hidalgo County, Census Tract 0201.03

Texas, Hidalgo County, Census Tract 0201.04

Texas, Hidalgo County, Census Tract 0201.05

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Texas, Hidalgo County, Census Tract 0204.08

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Texas, Hidalgo County, Census Tract 0215.00

Texas, Hidalgo County, Census Tract 0216.00

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Texas, Hidalgo County, Census Tract 0221.07

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Texas, Hidalgo County, Census Tract 0226.00

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Texas, Hidalgo County, Census Tract 0231.04

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Texas, Hidalgo County, Census Tract 0235.29

Texas, Hidalgo County, Census Tract 0236.02

Texas, Hidalgo County, Census Tract 0237.00

Texas, Hidalgo County, Census Tract 0240.01

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Texas, Hidalgo County, Census Tract 0242.06

Texas, Hidalgo County, Census Tract 0242.10

Texas, Hidalgo County, Census Tract 0242.11

Texas, Hidalgo County, Census Tract 0245.01

Texas, Hockley County, Census Tract 9504.00

Texas, Houston County, Census Tract 9503.00

Texas, Houston County, Census Tract 9506.00

Texas, Howard County, Census Tract 9503.00

Texas, Hudspeth County, Census Tract 9503.00

Texas, Hunt County, Census Tract 9608.00

Texas, Hunt County, Census Tract 9609.00

Texas, Hutchinson County, Census Tract 9507.00

Texas, Hutchinson County, Census Tract 9508.00

Texas, Jasper County, Census Tract 9504.00

Texas, Jefferson County, Census Tract 0001.03

Texas, Jefferson County, Census Tract 0005.00

Texas, Jefferson County, Census Tract 0007.00

Texas, Jefferson County, Census Tract 0009.00

Texas, Jefferson County, Census Tract 0017.00

Texas, Jefferson County, Census Tract 0019.00

Texas, Jefferson County, Census Tract 0020.00

Texas, Jefferson County, Census Tract 0021.00

Texas, Jefferson County, Census Tract 0026.00

Texas, Jefferson County, Census Tract 0054.00

Texas, Jefferson County, Census Tract 0059.00

Texas, Jefferson County, Census Tract 0061.00

Texas, Jefferson County, Census Tract 0064.00

Texas, Jefferson County, Census Tract 0066.00

Texas, Jefferson County, Census Tract 0070.02

Texas, Jefferson County, Census Tract 0070.03

Texas, Jefferson County, Census Tract 0070.04

Texas, Jefferson County, Census Tract 0118.00

Texas, Kaufman County, Census Tract 0504.01

Texas, Kaufman County, Census Tract 0505.00

Texas, Kaufman County, Census Tract 0510.00

Texas, Kerr County, Census Tract 9606.01

Texas, King County, Census Tract 9501.00

Texas, Kleberg County, Census Tract 0202.00

Texas, Lamar County, Census Tract 0006.00

Texas, Lamar County, Census Tract 0008.00

Texas, Lamar County, Census Tract 0010.00

Texas, Limestone County, Census Tract 9703.00

Texas, Limestone County, Census Tract 9705.00

Texas, Lubbock County, Census Tract 0002.02

Texas, Lubbock County, Census Tract 0003.01

Texas, Lubbock County, Census Tract 0003.03

Texas, Lubbock County, Census Tract 0009.01

Texas, Lubbock County, Census Tract 0010.00

Texas, Lubbock County, Census Tract 0012.00

Texas, Lubbock County, Census Tract 0013.00

Texas, Lubbock County, Census Tract 0014.02

Texas, Lubbock County, Census Tract 0016.02

Texas, Lubbock County, Census Tract 0017.08

Texas, Lubbock County, Census Tract 0017.10

Texas, Lubbock County, Census Tract 0020.02

Texas, Lubbock County, Census Tract 0022.05

Texas, Lubbock County, Census Tract 0022.08

Texas, Lubbock County, Census Tract 0023.02

Texas, Lubbock County, Census Tract 0024.01

Texas, McLennan County, Census Tract 0001.00

Texas, McLennan County, Census Tract 0004.01

Texas, McLennan County, Census Tract 0004.02

Texas, McLennan County, Census Tract 0005.98

Texas, McLennan County, Census Tract 0010.00

Texas, McLennan County, Census Tract 0011.00

Texas, McLennan County, Census Tract 0012.00

Texas, McLennan County, Census Tract 0013.00

Texas, McLennan County, Census Tract 0014.01

Texas, McLennan County, Census Tract 0014.02

Texas, McLennan County, Census Tract 0015.00

Texas, McLennan County, Census Tract 0019.00

Texas, McLennan County, Census Tract 0027.00

Texas, McLennan County, Census Tract 0033.00

Texas, Maverick County, Census Tract 9502.04

Texas, Maverick County, Census Tract 9502.07

Texas, Maverick County, Census Tract 9502.09

Texas, Montgomery County, Census Tract 6904.07

Texas, Montgomery County, Census Tract 6925.02

Texas, Montgomery County, Census Tract 6934.01

Texas, Montgomery County, Census Tract 6934.02

Texas, Montgomery County, Census Tract 6939.03

Texas, Moore County, Census Tract 9502.01

Texas, Nacogdoches County, Census Tract 9506.00

Texas, Nacogdoches County, Census Tract 9507.00

Texas, Nacogdoches County, Census Tract 9509.00

Texas, Newton County, Census Tract 9502.02

Texas, Nolan County, Census Tract 9503.00

Texas, Nueces County, Census Tract 0007.00

Texas, Nueces County, Census Tract 0009.00

Texas, Nueces County, Census Tract 0010.00

Texas, Nueces County, Census Tract 0012.01

Texas, Nueces County, Census Tract 0013.00

Texas, Nueces County, Census Tract 0015.00

Texas, Nueces County, Census Tract 0016.01

Texas, Nueces County, Census Tract 0020.02

Texas, Nueces County, Census Tract 0030.04

Texas, Nueces County, Census Tract 0033.05

Texas, Nueces County, Census Tract 0056.05

Texas, Pecos County, Census Tract 9503.00

Texas, Potter County, Census Tract 0103.00

Texas, Potter County, Census Tract 0106.00

Texas, Potter County, Census Tract 0117.00

Texas, Potter County, Census Tract 0120.00

Texas, Potter County, Census Tract 0122.00

Texas, Potter County, Census Tract 0126.00

Texas, Potter County, Census Tract 0128.00

Texas, Potter County, Census Tract 0139.00

Texas, Potter County, Census Tract 0150.00

Texas, Potter County, Census Tract 0152.00

Texas, Potter County, Census Tract 0153.00

Texas, Potter County, Census Tract 0154.00

Texas, Presidio County, Census Tract 9502.00

Texas, Randall County, Census Tract 0205.00

Texas, Randall County, Census Tract 0209.00

Texas, Randall County, Census Tract 0211.02

Texas, Red River County, Census Tract 9505.01

Texas, Red River County, Census Tract 9505.02

Texas, San Patricio County, Census Tract 0113.00

Texas, San Saba County, Census Tract 9501.00

Texas, Shelby County, Census Tract 9504.02

Texas, Smith County, Census Tract 0003.00

Texas, Smith County, Census Tract 0007.00

Texas, Starr County, Census Tract 9501.07

Texas, Starr County, Census Tract 9502.02

Texas, Starr County, Census Tract 9502.03

Texas, Starr County, Census Tract 9502.04

Texas, Starr County, Census Tract 9504.02

Texas, Starr County, Census Tract 9504.03

Texas, Starr County, Census Tract 9504.04

Texas, Starr County, Census Tract 9505.00

Texas, Starr County, Census Tract 9506.01

Texas, Starr County, Census Tract 9507.01

Texas, Starr County, Census Tract 9507.02

Texas, Swisher County, Census Tract 9503.00

Texas, Tarrant County, Census Tract 1002.01

Texas, Tarrant County, Census Tract 1005.04

Texas, Tarrant County, Census Tract 1005.06

Texas, Tarrant County, Census Tract 1009.00

Texas, Tarrant County, Census Tract 1013.02

Texas, Tarrant County, Census Tract 1014.02

Texas, Tarrant County, Census Tract 1014.03

Texas, Tarrant County, Census Tract 1017.00

Texas, Tarrant County, Census Tract 1026.01

Texas, Tarrant County, Census Tract 1035.00

Texas, Tarrant County, Census Tract 1036.01

Texas, Tarrant County, Census Tract 1037.01

Texas, Tarrant County, Census Tract 1038.00

Texas, Tarrant County, Census Tract 1045.03

Texas, Tarrant County, Census Tract 1045.05

Texas, Tarrant County, Census Tract 1046.01

Texas, Tarrant County, Census Tract 1046.02

Texas, Tarrant County, Census Tract 1047.02

Texas, Tarrant County, Census Tract 1048.03

Texas, Tarrant County, Census Tract 1052.04

Texas, Tarrant County, Census Tract 1052.07

Texas, Tarrant County, Census Tract 1059.02

Texas, Tarrant County, Census Tract 1061.02

Texas, Tarrant County, Census Tract 1066.00

Texas, Tarrant County, Census Tract 1103.02

Texas, Tarrant County, Census Tract 1111.03

Texas, Tarrant County, Census Tract 1130.07

Texas, Tarrant County, Census Tract 1216.14

Texas, Tarrant County, Census Tract 1217.03

Texas, Tarrant County, Census Tract 1217.04

Texas, Tarrant County, Census Tract 1219.05

Texas, Tarrant County, Census Tract 1219.07

Texas, Tarrant County, Census Tract 1219.08

Texas, Tarrant County, Census Tract 1220.02

Texas, Tarrant County, Census Tract 1222.00

Texas, Tarrant County, Census Tract 1223.00

Texas, Tarrant County, Census Tract 1224.01

Texas, Tarrant County, Census Tract 1228.01

Texas, Tarrant County, Census Tract 1236.00

Texas, Taylor County, Census Tract 0102.00

Texas, Taylor County, Census Tract 0103.00

Texas, Taylor County, Census Tract 0105.00

Texas, Taylor County, Census Tract 0108.00

Texas, Taylor County, Census Tract 0112.00

Texas, Taylor County, Census Tract 0117.00

Texas, Taylor County, Census Tract 0119.00

Texas, Terry County, Census Tract 9503.00

Texas, Titus County, Census Tract 9507.00

Texas, Tom Green County, Census Tract 0007.00

Texas, Tom Green County, Census Tract 0014.02

Texas, Tom Green County, Census Tract 0018.00

Texas, Travis County, Census Tract 0021.05

Texas, Travis County, Census Tract 0022.13

Texas, Travis County, Census Tract 0022.20

Texas, Travis County, Census Tract 0023.10

Texas, Travis County, Census Tract 0023.15

Texas, Travis County, Census Tract 0024.19

Texas, Travis County, Census Tract 0410.00

Texas, Travis County, Census Tract 0429.00

Texas, Travis County, Census Tract 0437.00

Texas, Uvalde County, Census Tract 9503.00

Texas, Val Verde County, Census Tract 9507.02

Texas, Victoria County, Census Tract 0001.00

Texas, Victoria County, Census Tract 0003.02

Texas, Victoria County, Census Tract 0006.01

Texas, Victoria County, Census Tract 0006.02

Texas, Victoria County, Census Tract 0017.00

Texas, Walker County, Census Tract 7906.00

Texas, Walker County, Census Tract 7907.00

Texas, Webb County, Census Tract 0001.01

Texas, Webb County, Census Tract 0001.05

Texas, Webb County, Census Tract 0001.06

Texas, Webb County, Census Tract 0001.07

Texas, Webb County, Census Tract 0001.08

Texas, Webb County, Census Tract 0002.00

Texas, Webb County, Census Tract 0006.01

Texas, Webb County, Census Tract 0006.02

Texas, Webb County, Census Tract 0007.00

Texas, Webb County, Census Tract 0008.00

Texas, Webb County, Census Tract 0009.04

Texas, Webb County, Census Tract 0010.04

Texas, Webb County, Census Tract 0011.04

Texas, Webb County, Census Tract 0012.01

Texas, Webb County, Census Tract 0012.02

Texas, Webb County, Census Tract 0013.00

Texas, Webb County, Census Tract 0015.01

Texas, Webb County, Census Tract 0017.17

Texas, Webb County, Census Tract 0018.06

Texas, Webb County, Census Tract 0018.18

Texas, Webb County, Census Tract 0018.19

Texas, Webb County, Census Tract 0018.21

Texas, Webb County, Census Tract 0018.22

Texas, Webb County, Census Tract 0018.28

Texas, Webb County, Census Tract 0019.00

Texas, Wichita County, Census Tract 0101.00

Texas, Wichita County, Census Tract 0102.00

Texas, Wichita County, Census Tract 0104.00

Texas, Wichita County, Census Tract 0107.00

Texas, Wichita County, Census Tract 0110.00

Texas, Wichita County, Census Tract 0114.00

Texas, Wichita County, Census Tract 0130.00

Texas, Wichita County, Census Tract 0132.01

Texas, Willacy County, Census Tract 9503.00

Texas, Williamson County, Census Tract 0214.02

Texas, Zapata County, Census Tract 9503.04

Texas, Zavala County, Census Tract 9502.00

The determination of the Qualified Census Tracts in the State of Texas was made by the United States Department of Housing and Urban Development and the Treasury Department based on criteria in the 2010 Census and Section 143 of the Internal Revenue Code. The Texas Department of Housing and Community Affairs did not participate in the determination of the Qualified Census Tracts although the Lenders and/or the Department may rely thereon.

NOTE: Census tract reference maps are available on the U.S. Census Bureau website at http://www.ffiec.gov/Geocode/default.aspx.

EXHIBIT C

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

MORTGAGE CREDIT CERTIFICATE PROGRAM

This Mortgage Credit Certificate is issued by Texas Department of Housing and Community Affairs (the "Issuer"), 221 East 11th Street, Austin, Texas 78701-2410, Tax Identification No. 74-2610542, pursuant to the Issuer's election not to issue qualified mortgage bonds, dated [_____], 2025, to:

Name (s): Soc. Sec. Nos.:

_____ _____

_____ _____

_____ _____

_____ _____

Address: _____

This Mortgage Credit Certificate is issued in connection with a mortgage loan for the purchase of a single-family residence located at the address immediately above (the "Residence").

THE MORTGAGE CERTIFICATE CREDIT RATE IS «Credit_Rate_Spelling» PERCENT («Credit_Rate»%).

Pursuant to the closing agreement dated as of the date below, the CERTIFIED INDEBTEDNESS AMOUNT with respect to which this Certificate is issued is $«Loan_Amt».

The EXPIRATION DATE of this Certificate, which is also the date such indebtedness matures, is «PayoffDate».

The AVERAGE AREA PURCHASE PRICE applicable to the Residence is $«Purch_PriceAvg».

The ACQUISITION COST (i.e., the purchase price) of the Residence is issued is $«Purch_Price».

The Residence is located in a «TgtNonTgt» Area.

The Residence is not being purchased by a Qualified Veteran.

The Certificate holder meets the requirements of Internal Revenue Code § 25(c)(2)(A)(iii)(IV), relating to income.

This Certificate meets the requirements of the following Treasury Regulations: § 1.25-3T(d), relating to residence; § 1.25-3T(e), relating to ownership interests within the 3-year prior period;; § 1.25-3T(g), relating to new mortgages; § 1.25-3T(i), relating to prohibited mortgages; § 1.25-3T(j), relating to particular lenders; § 1.25-3T(k), relating to allocations to particular developments; § 1.25-3T(n), relating to interest paid to related persons; and whether the Residence is a Targeted Area Residence. The undersigned hereby certifies, under penalties of perjury, that to the best of the undersigned's ability, the undersigned has made the determinations specified in this paragraph and the determination whether the Residence is a targeted area residence.

This Certificate may be transferred only after issuance of a new Certificate by the Issuer.

Loan Closing/MCC Issue Date: _____

THE TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

Cert. No.: _____

By: _____
Name: _____
Title: _____
MCC Distribution Date: _____

Lender: _____
LIN# _____

(FORM OF CERTIFICATE)
(REVERSE)
TERMS AND CONDITIONS

FEDERAL TAX CREDIT. This Mortgage Credit Certificate ("MCC") entitles the holder (as named on the face of this MCC) to an annual federal tax credit equal to «Credit_Rate» percent of the annual interest paid on the mortgage loan described on the face of this MCC. In addition, this MCC will reduce the holder's mortgage interest deduction by an amount equal to the tax credit for the same tax year. The credit cannot be larger than the holder's annual federal income tax liability, after all other credits and deductions have been taken into account. MCC credits in excess of current year tax liability may, however, be carried forward for use in the subsequent three years. At the time of issuance of this MCC, the filing of IRS Form 8396 is required in order to take advantage of the tax credit each year.

PRINCIPAL RESIDENCE. This MCC is to be used in connection with the financing of the purchase of a Residence. The Residence must be or become the holder's "Principal Residence" within a reasonable time (not to exceed 60 days) following the date of issuance of the MCC. The "Principal Residence" means a Residence that, depending on all the facts and circumstances (including the good faith intent of the occupant), is occupied by the holder primarily for residential purposes. "Principal Residence" does not include a home used as an investment property or a recreational home, or a home that is used primarily in a trade or business (as evidenced by the use of more than 15 percent of the total floor space in a trade of business). Further, the holder may not claim, with respect to the Residence, any deductions pursuant to Section 280A of the Internal Revenue Code of 1986, as amended, for expense incurred in connection with the business use of a home.

PRIOR OWNERSHIP OF A RESIDENCE. The holder of this MCC cannot have had a present ownership interest in a Principal Residence at any time during the three-year period prior to the date on which the loan is executed. For purposes of making such determination, a Principal Residence includes a single-family house, condominium unit, mobile home, share of a housing cooperative or occupancy of a unit in a multifamily building owned by the holder. The term "present ownership interest" includes a fee simple interest; a joint tenancy, a tenancy in common or a tenancy by the entirety; the interest of a tenant-shareholder in a cooperative; a life estate; a land contract under which possession and the burdens and benefits of ownership are transferred although legal title is not transferred until some later date; and an interest held in trust for one person by another person. A "present ownership interest" does not include a remainder interest, a lease with or without an option to purchase, mere expectancy to inherit an interest in a principal residence, the interest that a person acquires upon the execution of a real estate purchase contract, or any interest in other than a "Principal Residence" during the previous three years. This requirement is waived if the Residence is located in a Targeted Area or if the Residence is acquired by a Qualified Veteran.

PARTICIPATING LENDER AND LOAN ELIGIBILITY. Financing may be sought from any Lender. The decision to make a loan is completely within the discretion of the Lender to whom the application for a mortgage loan is submitted. The Issuer plays no role in the decision to make a loan or determining the amount of the loan.

MORTGAGE REQUIREMENTS. No MCC will be issued in connection with financing that is to be used to replace an existing mortgage on the Residence to which the holder is a party or upon which the holder is an obligor. No MCC will be issued unless, prior to the date thereof, the holder was not a party to a mortgage on the Residence (whether in the form of a deed of trust, contract for deed, conditional sales contract, pledge, agreement to hold title in escrow, or other form of owner financing), other than a construction loan, bridge loan, or other temporary initial financing having a term not exceeding 24 months. In addition, no MCC will be issued if any financing for the Residence is to be obtained from a qualified mortgage bond or qualified veterans' mortgage bond or if any person who is related to the holder has an interest as a creditor in the financing.

OCCUPANCY OF THE RESIDENCE. If the Residence ceases to be occupied as the holder's "Principal Residence," the holder will no longer be eligible for the MCC and must immediately notify the Department and the Lender providing the financing of this fact and the date of this event.

INCOME LIMITS. At the time of execution of the loan in connection with which this MCC is issued, the holder's current income cannot exceed, (i) for families of three or more persons, 115% (140% in certain Targeted Areas) of the area median income and (ii) for individuals and families of two persons, 100% (120% in certain Targeted Areas) of the area median income, subject to an upward adjustment of the income limits in certain "high housing cost areas." The Income Limits may be subject to adjustment at any time.

PURCHASE PRICE LIMITS. The purchase price for the Residence being acquired in connection with which this MCC is issued cannot exceed 90% (110%, in the case of certain Targeted Area Residences) of the average area purchase price applicable to the Residence. These limits may be subject to adjustment at any time.

TRANSFERABILITY. This MCC is not assumable and is transferable only upon application to the Department. The proposed transferee must meet all Program requirements then in effect.

COMPLIANCE WITH INTERNAL REVENUE CODE. This MCC is intended to comply with the provisions of Section 25 of the Internal Revenue Code of 1986, as amended, as well as any other applicable federal or State laws.

REFINANCING. The refinanced loan amount cannot exceed the outstanding balance of the original mortgage loan as of the date of the refinancing.

EXHIBIT D-1

Commitment Lot Notice
(FROM DEPARTMENT TO PROGRAM ADMINISTRATOR)

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
MORTGAGE CREDIT CERTIFICATE PROGRAM NO. 113

To: Hilltop Securities, Inc.
717 N Harwood St, Suite 3400
Dallas, TX 75201
Attention: Assistant Vice President | HFA Program Administrator, Lead
Email: Lori.Wood@hilltopsecurities.com

On the date hereof, the Issuer has established the following Commitment Lot:

Commitment Lot Designation	**Commitment Lot Size**	**MCC Rate**	**MCC Issuance Fee(s)**
_____	$_____	[20%]	_____ MCC Only _____ TMP Loan/MCC Combination

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

By: _____
Name: _____
Title: _____

EXHIBIT D-2

Rate Notice
(FROM PROGRAM ADMINISTRATOR TO MORTGAGE LENDER)

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
MORTGAGE CREDIT CERTIFICATE PROGRAM NO. 113

First Date to Reserve MCC Funds _____

Commitment Lot Size: $_____

Mortgage Credit Certificate Rate: [20%]

MCC Issuance Fee(s) _____ MCC Only

_____ TMP Loan/MCC Combination

All MCC funds are available on a first-come, first-served basis. MCC reservations expire ninety (90) days from the date of registration. Updates to extend time must be made in the reservation system by the participating lender.

REMINDER: If doing a TMP Loan/MCC Combination, the more restrictive program guidelines will apply.

If you have any questions regarding this notice, please contact:

Hilltop Securities Inc.
717 N Harwood St, Suite 3400
Dallas, TX 75201
Attention: Assistant Vice President | HFA Program Administrator, Lead
(214) 953-4231 Email: Lori.Wood@hilltopsecurities.com

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
Tax-Exempt Mortgage / Taxable Mortgage

My First Texas Home / My Choice Texas Home / Texas Mortgage Credit Certificate (MCC)
REVISED: [10/9/2025]

NOTICE TO BUYERS

Texas Department of Housing and Community Affairs ("TDHCA") created its homeownership options to help make ownership of new or existing homes more affordable for individuals and families of low and moderate income in the State of Texas, especially first-time buyers. The Tax-Exempt and Taxable Mortgage Program(s) (My First Texas Home and My Choice Texas Home) provide the homebuyer with a 30-year fixed interest rate mortgage loan and assistance to be used towards down-payment and/or closing cost assistance. The Texas Mortgage Credit Certificate (MCC) Program provides the homebuyer with a mortgage credit certificate which increases a family's disposable income by reducing its federal income tax obligations. This tax savings provides a family with more available income to qualify for a loan and meet mortgage payment requirements. In order to participate in either or both Programs, the homebuyer(s) must meet certain eligibility requirements, purchase a home and obtain a mortgage loan and/or MCC through a participating lender. The eligible loan area consists of the State of Texas. The Programs are administered by TDHCA.

If your home is being financed using a TDHCA mortgage loan, the residence must be occupied as your principal residence within a reasonable time not to exceed 60 days of loan closing and it may not be used as an investment property, vacation, or recreational home. You will be required to immediately notify the Servicer in writing if the residence financed using the TDHCA mortgage loan ceases to be your principal, permanent residence. You cannot rent your home without the Servicer's prior written consent (which consent can only be given in very limited, extreme circumstances) or sell your home to a person ineligible for assistance from the Department, unless you pay your loan in full.

For mortgage credit certificates issue by TDHCA, if the residence ceases to be your principal residence, you will be required to immediately notify TDHCA so that appropriate action, including but not limited to revocation of the MCC, may be taken.

ELIGIBLE BORROWERS

First-Time Homebuyer Requirement: Borrowers seeking financing for the purchase of a residence or the issuance of an MCC must be first-time homebuyers, which means that the borrower has not owned a principal residence in the past three years. Certain exceptions exist for residences located in certain designated areas, and for applicants who are "qualified veterans." Borrowers using the My Choice Texas Home option are not required to be a First Time Homebuyer.

INCOME LIMITS AND HOME PURCHASE PRICE LIMITATION

For maximum income and purchase price limits, see Appendix A or visit the TDHCA website: https://thetexashomebuyerprogram.com/uploads/Limits.pdf.

ELIGIBLE PROPERTY

General Information: New single-family houses, including certain manufactured homes, duplexes, townhomes and condominiums are eligible for either program, and must follow standard agency (loan product) guidelines. Triplexes and fourplexes and shares in housing cooperatives are not eligible for the Program(s). The cost of the residence must not exceed the maximum home purchase price limits specified for the Program(s).

Duplex: A duplex may be financed under either Program as long as one unit of the duplex is occupied by the borrower as his or her principal residence and the duplex was first occupied for residential purposes at least five years prior to the closing date for the mortgage loan that is associated with the applicable program. The acquisition cost limits applicable to duplexes are available on TDHCA's website.

Manufactured Homes: A manufactured home must be eligible under FHA, VA, USDA, or FNMA guidelines, and be in one or more sections which in the traveling mode is 8 body feet or more in width and 40 body feet or more in length and when erected on site is 320 or more square feet and which is built on a permanent chassis and designed to be used as a dwelling and connected to the required utilities, including plumbing, heating, air conditioning and

electrical systems contained therein and meets the HUD minimum standards set forth in Title 24 parts 3280, 3282 and 42 U.S.C. 5401 et seq. The manufactured home must have been constructed after June 21, 1978 and be permanently affixed to the real property which will be owned by the homebuyer and subject to the mortgage loan. Recreational vehicles, campers and other such vehicles are ineligible.

Financing Terms: The mortgage loan used in conjunction with the MCC Program must be financed from sources other than tax-exempt mortgage bonds or tax-exempt veterans' mortgage bonds. The mortgage may be a conventional, FHA, VA, or USDA-RHS loan and will be at prevailing market rates or rate applicable with loan program. The mortgage loan must not be made to the borrower by a "related person," as defined in Section 144(a)(3)(A) of the Internal Revenue Code. If using the TMP – My First Texas Home Program, the financing terms will be established by TDHCA. Eligible property types and other terms of the Program may differ for mortgage loans financed through the Fannie Mae HFA Preferred product.

PROGRAM DESCRIPTION FOR TAXABLE AND TAX-EXEMPT MORTGAGE OPTIONS

General Information: **TDHCA's Tax-Exempt Mortgage option – My First Texas Home** is exclusive to first time homebuyers, and provides a 30-year fixed interest rate mortgage loan that may include assistance in an amount up to 5% of the mortgage loan, to be used towards down payment and/or closing cost. The homebuyer must meet IRS Tax-Exempt Mortgage Revenue Bond income eligibility requirements, which include the income of a Non-Purchasing Spouse and anyone else who will have ownership interest in the property (sign the Deed of Trust).

TDHCA's Taxable Mortgage option – My Choice Texas Home provides homebuyer(s) with a 30-year fixed interest rate mortgage loan and down payment/closing cost assistance, in an amount up to 5% of the mortgage loan. There is **no** first time homebuyer requirement on the My Choice Texas Home option. For the purposes of income eligibility, the credit qualifying/1003 income used by the lender for loan qualifying is allowed.

Benefit Amount and Length of Benefit: The amount of benefit will vary based on the borrower's individual financial circumstances and the length of time the borrower lives in the home.

Higher Mortgage Loan Interest Rate with Down Payment/Closing Cost Assistance: The interest rate on your mortgage loan is based upon acceptance of down payment and/or closing cost assistance. If you receive down payment assistance from TDHCA, the interest rate on your mortgage loan **may** be at a higher interest rate than could otherwise be obtained (or may be available to you) if no down payment and/or closing cost assistance were included. If the interest rate on your mortgage loan is higher than you otherwise could obtain, you should carefully evaluate whether it is in your best financial interest to pay the higher mortgage loan interest rate associated with acceptance of down payment and/or closing cost assistance.

Repayment of Down Payment/Closing Cost Assistance: If receiving down payment assistance from TDHCA in connection with your mortgage loan, you will be required to repay the down payment and/or closing cost assistance you received in connection with your mortgage loan at the end of the term of your loan or earlier if you sell, refinance, transfer or otherwise dispose of your home. The annual percentage rate (APR) of interest is 0% and the 2nd mortgage loan is non-amortizing (has no monthly payment component).

Assumption of Loan: In order for the mortgage loan to be assumed, you must sell your home to a person eligible for assistance from the Department, otherwise, you must pay your mortgage loan in full or the Department may demand immediate full repayment of the mortgage loan. This could result in foreclosure of your mortgage and repossession of the property. In addition, if you rent the property or committed fraud or intentionally misrepresented yourself when you applied for the mortgage loan, the Mortgage Lender may foreclose your mortgage and repossess the property. If the Mortgage Lender takes your home through a foreclosure of the mortgage because of these reasons, HUD, FHA, VA, Fannie Mae, Freddie Mac, the Servicer, and/or the Department (as applicable) will not be able to help you.

In order for the mortgage loan to be assumed, you must sell your home at or below the federally-designated acquisition cost in effect when you sell your home.

If the money received from the foreclosure sale is not enough to pay the remaining amount of money you owe on the loan, the Servicer may obtain a deficiency judgment against you (a court ruling that you must pay whatever money is still owed on the loan after the foreclosure sale). Such judgment will be taken over by HUD, VA, or a private mortgage insurer (as applicable). If the Servicer files an insurance claim against HUD, VA, or the private mortgage insurer (as applicable) because of the foreclosure, HUD, VA, or the private mortgage insurer (as applicable) may then bring an action against you to collect the judgment.

Recapture. If you sell or otherwise dispose of the residence during the next 9 years, this benefit may, under certain circumstances, be subject to "recapture." Such recapture is accomplished by an increase in your federal income tax for the year in which there is a disposition of the residence. This recapture only applies if there is a gain resulting from the sale or other disposition of the residence and total annual household income increases above specified levels.

You may wish to consult a tax advisor or the Internal Revenue Service at the time of sale or other disposition of the residence to determine the amount, if any, of the recapture tax. Following loan closing, you will be provided additional information that will be needed to calculate the maximum recapture tax liability at the time you sell or dispose of the residence. The IRS Recapture Tax Provision does not apply to the My Choice Texas Home option(s).

PROGRAM DESCRIPTION MORTGAGE CREDIT CERTIFICATE (MCC) PROGRAM

General Information: An MCC is a tax credit that will reduce the federal income taxes of qualified buyers purchasing a qualified residence. As a result, the MCC has the effect of reducing your mortgage payments. Applications must be made to TDHCA prior to closing the loan. The MCC may not be used in connection with the refinancing of an existing loan, unless such loan is a construction period loan, bridge loan, or similar temporary initial financing of 24 months or less.

Benefit Amount: The size of your annual tax credit will be a percentage established by TDHCA (the "Mortgage Credit Certificate Rate") of the annual interest paid on your mortgage loan. The credit cannot be larger than your annual federal income tax liability, after all other credits and deductions have been taken into account. MCC credits in excess of your current year tax liability may, however, be carried forward for use in the subsequent three years.

Mortgage Credit Certificate Rate: The MCC Rate for TDHCA Mortgage Credit Certificates will be issued based according to the following options:

TDHCA MCC Options	
[20%] MCC Credit	No maximum annual credit

Tax Credit Versus Tax Deduction: A mortgage interest deduction differs from a mortgage tax credit in a number of ways. For example, all homebuyers, regardless of income, may take a mortgage interest deduction, whereas mortgage tax credits are available only to holders of MCCs. The dollar value of a mortgage interest deduction depends upon your tax bracket. If you are in the 15 percent tax bracket, you will save 15 cents in taxes for each dollar of mortgage interest paid. With the MCC, you will save $1 for each $1 of credit received. Using an MCC and itemizing your deductions on Schedule A of Form 1040 will require you to reduce your mortgage interest deduction by an amount equal to your mortgage tax credit claimed.

Length of Benefit: Each year, your mortgage tax credit will be calculated on the basis of the designated percentage of the total interest you paid on your mortgage loan that year. The MCC will be in effect for the life of your mortgage loan, so long as the residence remains your principal residence.

Assumption of Loan: The MCC can be transferred only upon issuance of a new certificate by TDHCA. The person assuming your loan will have to qualify just as a new borrower would be required to qualify under the MCC Program.

Recapture of Tax Credit: Your MCC will be subject to certain requirements imposed by federal law concerning the recapture of a portion of the mortgage tax credit benefits granted to you upon the sale of your residence within nine years from the date of purchase. In no event will the recapture tax exceed the lesser of (i) 6.25% of the highest principal balance of your mortgage or (ii) one half of your taxable gain on the sale of your residence. At loan closing, you will be provided additional information that will be needed to calculate the maximum recapture tax liability at the time you sell or dispose of the residence.

APPLICATION INFORMATION

At the time of your formal mortgage loan application, you will have the ability to apply for a TDHCA mortgage loan and/or a MCC. After you have completed and signed the mortgage loan application, the lender will review your information and will reserve program funds in the Program's on-line registration system. The MCC will be issued to the homebuyer upon loan closing and submission of the required Program documents required in Program guidelines, and applicable program fees. Loan or MCC reservations cannot be transferred from one lender to another. In the event you desire to change lenders, the loan reservation will be canceled and the application and reservation process must start over with the new lender. **The purpose of this document is to provide information on the TDHCA My First Texas Home / My Choice Texas Home and Texas Mortgage Credit Certificate programs. If applying for one or more of these programs, you should request from your lender a copy of the Loan Confirmation generated from the Program's on-line portal to verify the applicable program option(s) reserved in connection with your mortgage loan.**

CHECK IF APPLICANT IS A VETERAN ☐ **CHECK IF CO-APPLICANT IS A VETERAN** ☐

Important Information for Former Military Services Members. Women and men who served in any branch of the United States Armed Forces, including Air Force, Army, Navy, Marines, Coast Guard, Reserves, or National Guard, may be eligible for additional benefits and services. For more information please visit the Texas Veterans Portal at https://veterans.portal.texas.gov/.

DISCLOSURE OF APPLICANT INFORMATION

The applicant(s) hereby consent and agree that all information furnished by the applicant(s) to the participating lender and TDHCA, including but not limited to, non-public personal and financial information in connection with the application for a mortgage loan under the My First Texas Home / My Choice Texas Home or an MCC, may be disclosed to any person or other third parties in connection with the processing of the application, verification of information concerning the TDHCA loan or MCC, the loan or the applicant(s), and for any other purpose in furtherance of or connected with the Program.

Date_____

_____

APPLICANT

_____

Printed Name of Applicant

_____

CO-APPLICANT OR NON-PURCHASING SPOUSE (if applicable)

_____

Printed Name of Applicant OR Non-Purchasing Spouse (if applicable)

APPENDIX A

TDHCA My First Texas Home & Texas Mortgage Credit Certificate Combined Income and Purchase Price Limits Table

All person(s) who will sign the Deed of Trust (including Non-Purchasing Spouse) will be considered.

See current Rates and Offerings HERE

Purchase Price Limits Effective Effective May 27, 2025 / Income Limits Effective May 27, 2025

		INCOME LIMITS				PURCHASE PRICE LIMITS	
		Govt Loan and NON Targeted MCC		Govt Loan and * Targeted MCC			
Area of State	Counties in Area	100% AMFI 1 or 2 Persons	115% AMFI 3 or more Persons	120% AMFI 1 or 2 Persons	140% AMFI 3 or more Persons	1-UNIT Non-Targeted Area	1-UNIT * Targeted Area
COUNTIES NOT LISTED BELOW ARE SUBJECT TO BALANCE OF STATE INCOME LIMITS use this row -->		$98,800	$113,620	$118,560	$138,320	$544,232	$665,173
Amarillo, HMFA	Armstrong, Carson, Potter*, Randall*	$98,800	$113,620	$118,560	$138,320	$544,232	$665,173
Andrews County	Andrews	$98,800	$113,620	N/A		$544,232	N/A
Austin County, HMFA	Austin	$101,000	$116,150	N/A		$544,232	N/A
Austin-Round Rock, MSA	Bastrop, Caldwell, Hays*, Travis*, Williamson*	$133,800	$153,870	$160,560	$187,320	$593,363	$725,222
Blanco County	Blanco	$100,000	$115,000	N/A		$544,232	N/A
Borden County	Borden	$101,900	$117,185	N/A		$544,232	N/A
Brazoria County, HMFA	Brazoria	$116,100	$133,515	N/A		$544,232	N/A
Burnet County	Burnet	$100,000	$115,000	N/A		$544,232	N/A
Cooke County	Cooke*	$98,800	$113,620	$118,560	$138,320	$544,232	$665,173
Crane County	Crane	$98,800	$113,620	N/A		$544,232	N/A
Dallas, HMFA	Collin*, Dallas*, Denton*, Ellis, Hunt*, Kaufman*, Rockwall	$117,300	$134,895	$140,760	$164,220	$585,006	$715,007
Fayette County	Fayette	$102,100	$122,705	N/A		$544,232	N/A
Fort Worth - Arlington, HMFA	Johnson, Parker, Tarrant*	$106,700	$122,705	$128,040	$149,380	$585,006	$715,007
Gillespie County	Gillespie	$101,100	$116,255	N/A		$544,232	N/A
Glasscock County	Glasscock	$110,600	$127,190	N/A		$544,232	N/A
Hartley County	Hartley	$98,800	$113,620	N/A		$544,232	N/A
Hemphill County	Hemphill	$104,000	$119,600	N/A		$544,232	N/A
Hood County, HMFA	Hood	$98,800	$113,620	N/A		$544,232	N/A
Houston-The Woodlands-Sugar Land, HMFA	Chambers, Fort Bend*, Galveston*, Harris*, Liberty, Montgomery*, Waller	$101,100	$116,255	$121,320	$141,540	$544,232	$665,173
Jackson County	Jackson	$98,800	$113,620	N/A		$544,232	N/A
Kendall County, HMFA	Kendall	$143,900	$165,485	N/A		$579,037	N/A
Kent County	Kent	$98,800	$113,620	N/A		$544,232	N/A
King County	King*	$98,800	$113,620	$118,560	$138,320	$544,232	$665,173
Lampasas County	Lampasas	$102,300	$117,645	N/A		$544,232	N/A
Lipscomb County	Lipscomb	$98,800	$113,620	N/A		$544,232	N/A
Loving County	Loving	$98,800	$113,620	N/A		$544,232	N/A
Martin County, HMFA	Martin	$99,900	$114,885	N/A		$544,232	N/A
Medina County, HMFA	Medina	$104,227	$119,861	N/A		$579,037	N/A
Mitchell County	Mitchell	$103,200	$118,680	N/A		$544,232	N/A
Midland, HMFA	Midland	$110,400	$126,960	N/A		$544,232	N/A
Odessa MSA	Ector*	$98,800	$113,620	$118,560	$138,320	$544,232	$665,173
Oldham County, HMFA	Oldham	$98,800	$113,620	N/A		$544,232	N/A
Pecos County	Pecos*	$98,800	$113,620	$118,560	$138,320	$544,232	$665,173
Reagan County	Reagan	$98,800	$113,620	N/A		$544,232	N/A
Roberts County	Roberts	$98,800	$113,620	N/A		$544,232	N/A
San Angelo MSA	Irion, Tom Green*	$98,800	$113,620	$118,560	$138,320	$544,232	$665,173
San Antonio-New Braunfels, MSA	Atascosa, Bandera, Bexar*, Comal, Guadalupe*, Wilson	$104,227	$119,861	$125,072	$145,918	$579,037	$707,712
Schleicher County	Schleicher	$98,800	$113,620	N/A		$544,232	N/A
Sherman-Denison, MSA	Grayson*	$98,800	$113,620	$118,560	$138,320	$544,232	$665,173
Somervell County, HMFA	Somervell	$98,800	$113,620	N/A		$544,232	N/A
Stonewall County	Stonewall	$98,800	$113,620	N/A		$544,232	N/A
	Washington	$99,700	$114,655	N/A		$544,232	N/A
Ward County	Ward	$98,800	$113,620	N/A		$544,232	N/A
Wise County, HMFA	Wise	$105,700	$121,555	N/A		$585,006	N/A
Yoakum County	Yoakum	$98,800	$113,620	N/A		$544,232	N/A

* Property must be located in a qualified targeted census tract to use the Targeted Area Limits.

"AMFI" - Area Median Family Income "MSA" - Metropolitan Statistical Area "HMFA" - HUD Metro FMR Area

* Targeted Areas are Areas of Severe Economic Distress

2 UNIT Purchase Price Limits - See Page 5

My First Texas Home
By The Texas Homebuyer Program

Texas Mortgage Credit Certificate
By The Texas Homebuyer Program

Purchase Price Limits - 2 UNIT PROPERTIES

Area of State	Counties in Area	2-Unit Non Targeted Area Limits	2-Unit * Targeted Area Limits
COUNTIES NOT LISTED BELOW ARE SUBJECT TO BALANCE OF STATE INCOME LIMITS use this row -->		**$696,816**	**$851,665**
Amarillo, HMFA	Armstrong, Carson, Potter*, Randall*	$696,816	$851,665
Andrews County	Andrews	$696,816	No Targeted Census Tracts in County
Austin County, HMFA	Austin	$696,816	No Targeted Census Tracts in County
Austin-Round Rock, MSA	Bastrop, Caldwell, Hays*, Travis* & Williamson*	$759,626	$928,431
Blanco County	Blanco	$696,816	No Targeted Census Tracts in County
Borden County	Borden	$696,816	No Targeted Census Tracts in County
Brazoria County, HMFA	Brazoria	$696,816	No Targeted Census Tracts in County
Cooke County	Cooke*	$696,816	$851,665
Crane County	Crane	$696,816	No Targeted Census Tracts in County
Dallas, HMFA	Collin*, Dallas*, Denton*, Ellis, Hunt*, Kaufman* & Rockwall	$748,933	$915,362
Fort Worth - Arlington, HMFA	Johnson*, Parker & Tarrant*	$748,933	$915,362
Gillespie County	Gillespie	$696,816	No Targeted Census Tracts in County
Glasscock County	Glasscock	$696,816	No Targeted Census Tracts in County
Hartley County	Hartley	$696,816	No Targeted Census Tracts in County
Hemphill County	Hemphill	$696,816	No Targeted Census Tracts in County
Hood County, HMFA	Hood	$696,816	No Targeted Census Tracts in County
Houston-The Woodlands-Sugar Land,	Chambers, Fort Bend*, Galveston*, Harris*, Liberty, Montgomery* & Waller	$696,816	$851,665
Jackson County	Jackson	$696,816	No Targeted Census Tracts in County
Kendall County, HMFA	Kendall	$741,250	No Targeted Census Tracts in County
Kent	Kent	$696,816	No Targeted Census Tracts in County
King County	King*	$696,816	$851,665
Lipscomb County	Lipscomb	$696,816	No Targeted Census Tracts in County
Loving County	Loving	$696,816	No Targeted Census Tracts in County
Martin County, HMFA	Martin	$696,816	No Targeted Census Tracts in County
Medina County, HMFA	Medina	$741,250	No Targeted Census Tracts in County
Midland, HMFA	Midland	$696,816	No Targeted Census Tracts in County
Mitchell County	Mitchell	$696,816	No Targeted Census Tracts in County
Odessa MSA	Ector*	$696,816	$851,665
Oldham County, HMFA	Oldham	$696,816	No Targeted Census Tracts in County
Pecos County	Pecos*	$696,816	$851,665
Reagan County	Reagan	$696,816	No Targeted Census Tracts in County
Roberts County	Roberts	$696,816	No Targeted Census Tracts in County
San Angelo MSA	Irion, Tom Green*	$696,816	$851,665
San Antonio-New Braunfels, MSA	Atascosa, Bandera, Bexar*, Comal, Guadalupe* & Wilson	$741,250	$905,973
Schleicher County	Schleicher	$696,816	No Targeted Census Tracts in County
Sherman-Denison, MSA	Grayson*	$696,816	$851,665
Somervell County, HMFA	Somervell	$696,816	No Targeted Census Tracts in County
Stonewall County	Stonewall	$696,816	No Targeted Census Tracts in County
Ward County	Ward	$696,816	No Targeted Census Tracts in County
Wise County, HMFA	Wise	$748,933	No Targeted Census Tracts in County
Yoakum County	Yoakum	$696,816	No Targeted Census Tracts in County

* Property must be located in a qualified targeted census tract to use the Targeted Area Limits.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

APPLICANT AFFIDAVIT
My First Texas Home – Texas Mortgage Credit Certificate (TAX-EXEMPT)
There are important legal consequences to this Affidavit. Please read carefully before signing.
REVISED: [10/9/2025]

THE STATE OF TEXAS §
COUNTY OF _____ §

LOAN AMOUNT: $_____
LENDER: _____

The undersigned, as part of my (our) application for a loan under the Department's tax-exempt mortgage and/or for a mortgage credit certificate ("MCC") to be issued by the Department in connection with a loan from a participating lender of my (our) choice for a single-family residence that will become my (our) permanent, primary residence, being first duly sworn state the following information to be true and correct:

APPLICANT LAST NAME	FIRST	MIDDLE
CO-APPLICANT LAST NAME	FIRST	MIDDLE
ADDRESS BEING PURCHASED		

CITY	COUNTY	**TEXAS** STATE	ZIP CODE

CHECK AS APPLICABLE:

☐ New Construction ☐ Existing Structure ☐ Non-Targeted Area ☐ Targeted Area

☐ Mortgage Only ☐ Mortgage w/Assistance ☐ MCC Only ☐ Combo

CHECK IF APPLICANT IS A VETERAN ☐ **CHECK IF CO-APPLICANT IS A VETERAN** ☐

Important Information for Former Military Services Members. Women and men who served in any branch of the United States Armed Forces, including Air Force, Army, Navy, Marines, Coast Guard, Reserves, or National Guard, may be eligible for additional benefits and services. For more information please visit the Texas Veterans Portal at https://veterans.portal.texas.gov/.

CHECK IF APPLICANT OR CO-APPLICANT IS USING THE EXCEPTION TO FIRST-TIME HOMEBUYER REQUIREMENT FOR QUALIFIED VETERANS: ☐ Applicant meets the requirements to qualify as a "veteran" as defined in 38 U.S.C. Section 101. Attached hereto are true and correct copies of my discharge or release papers, which demonstrate that such discharge or release was other than dishonorable. Applicant has not previously obtained a loan financed by single-family mortgage revenue bonds or another MCC utilizing the exception to the first-time homebuyer requirement for Residences to Veterans under Section 143(d)(2)(D).

Copies of Federal Tax Transcripts for the past three (3) years for all persons who will be liable on the mortgage loan are submitted herewith or the reasons for exemption from filing are stated as follows: _____

_____

NOTE: Non-purchasing spouse federal tax transcripts and income must be submitted and/or included.

CHECK IF APPLICABLE: ☐ I certify that the mortgage loan closing is occurring between January 1 and February 15, and that I have not yet filed my federal income tax return for the prior year. I further certify that when I file my federal tax return for the prior year, I will neither be entitled to, nor claim, deductions for real estate taxes or interest on indebtedness with respect to my principal residence for that year.

Total Persons in Household _____ **Mid Credit Score** _____

Family Income includes the anticipated gross income of all persons expected to both live in the residence being financed and to be liable on the mortgage loan, and includes but is not limited to Annual Wages, Commissions, Bonuses, Self-Employment (Plus Depreciation), Dividends, Interest, Annuities, Pensions, Child Support, Spousal Support or Maintenance and Public Assistance:

Applicant Type	Applicant Name	Income Type	Income Amount
		Total Income	

NOTE: Non-purchasing spouse federal tax transcripts and income must be submitted and/or included.

Applicant certifies that the Persons receiving the MCC and/or benefitting from a loan under the tax-exempt mortgage option are not currently delinquent or in default with child support and/or government loans.

The TOTAL ACQUISITION COST **$**_____

The above acquisition cost includes the following itemized amounts:

1. Amount paid for the residence, in cash or in kind, by Applicant to the seller (including any amount which seller is required to pay as a real estate commission or loan discount points): $_____

2. Amount paid for the residence, in cash or in kind, by Applicant or any person related to the Applicant or by any person for the benefit of the Applicant, to seller or any person related to seller or for seller's benefit (other than the amount set forth above): $_____

3. If the residence is incomplete or unfinished the estimated cost of completing it (a written estimate of completion cost is attached): $_____

4. If the residence is located on leased land, the capitalized value (using a discount rate equal to the interest rate borne by the mortgage loan) of the ground rent: $_____

5. Land purchased separately and owned by the Applicant(s) for less than two (2) years prior to the commencement of construction of the residence. $_____

Apart from any normal real estate agents' commissions, no money is being paid, no promissory note is being delivered, nor is anything else of value (including, without limitation, personal property) being exchanged or transferred to the seller of the residence or any other persons by me, or to my knowledge, by any other person in connection with the residence except as itemized with the amount of their purchase price that does not exceed their fair market value.

TOTAL ACQUISITION COST of the property includes all amounts paid previously or in the future, in cash or in kind by the Applicant(s) (or a related party or for the benefit of the Applicant(s)) to the seller (or a related party or for the benefit of the seller); "points" paid to the seller; if the residence is incomplete, the reasonable cost of completing the residence; the capitalized value of ground rent using the discount rate equal to the interest rate borne by the mortgage loan (leasehold estate); additional amounts for land purchased separately and owned by the Applicant(s) less than two (2) years prior to the commencement of construction of the residence; and any other settlement and/or financing costs to the extent that such costs exceed the usual and reasonable costs that would be paid by the buyer where financing is not assisted through the issuance of an MCC or provided through the issuance of tax-exempt bonds. Acquisition cost does not include usual and reasonable settlement or financing costs; the value of services performed by the mortgagor or members of the mortgagor's family in completing the residence; fix-up expenses such as painting, minor repairs and floor refinishing; or the cost of land which has been owned by the Applicant for at least 2 years prior to the commencement of construction of the residence.

TYPE OF LOAN:

I (We) acknowledge that the interest rate of my (our) mortgage loan is at a higher interest rate than I (we) might otherwise obtain if I (we) did not receive down payment and/or closing cost assistance in conjunction with this mortgage loan. I (we) have determined the interest cost associated with this mortgage loan, in light of the down payment and closing cost assistance, is in my (our) best financial interest.

THE APPLICANT FURTHER CERTIFIES THAT:

(a) The residence is a single-family residence (For this purpose, a single-family residence includes a two-family residence so long as (1) one unit will be occupied by the applicant and (2) the units were first occupied at least 5 years before the loan is closed.) (A residence includes stock held by a tenant-stockholder in a cooperative housing corporation. It does not include property such as an appliance, a piece of furniture, a radio, etc., which, under Texas law, is not a fixture. The term also includes any manufactured home meeting certain size requirements and that is of a kind customarily used at a fixed location.); (b) the residence does not include (1) recreational vehicles, campers and other similar vehicles or (2) land that is greater than the normal and usual lot size within the area or that is in excess of what is needed to maintain the basic livability of the residence; further, I(we) do not expect to derive any income from the land associated with the residence; (c) I(we) intend to use the residence as my (our) principal residence within a reasonable time not to exceed 60 days of loan closing, and I(we) will immediately notify the Department in writing if the residence ceases to be my(our) principal, permanent residence; (d) the residence will not be used (1) as investment property, vacation, or recreational home or (2) in conjunction with business activities (as evidenced by the use of more than fifteen percent of the total floor space in a trade or business) except for the rental of one of the units in a two family residence; further, I(we) do not intend to claim, with respect to the residence, any deductions pursuant to Section 280A of the Code for expenses incurred with respect to the business use of a home; (e) unless the residence is located in a targeted area or the Applicant is a qualified veteran, all Applicants and any co-Applicants, either individually or together, have not had a present ownership interest in a principal residence during the 3-year period prior to the date of the loan closing (a present ownership interest includes, but is not limited to, a fee simple interest; a joint, tenancy, a tenancy in common or a tenancy in the entirety; the interest of a tenant-shareholder in a cooperative, a life estate, a land contract and an interest in trust for the mortgagor; a present ownership interest does not include a remainder interest, a lease with or without an option to purchase, an expectation of inheritance, the interest acquired under a purchase contract and an interest in a residence that is not a principal residence); (f) the acquisition cost listed above does not exceed 90 percent (for residences not located in a targeted area) or 110 percent (for residences located in a targeted area) of the average area purchase price; (g) the loan will not be used to replace my(our) existing mortgage, unless such loan is a construction period loan, bridge loan or similar temporary initial financing of 24 months or less; (h) no portion of the financing of the residence is or will be provided from the proceeds of a qualified mortgage bond or a qualified veterans' mortgage bond; (i) the Department has not limited me(us) to seeking financing through any particular lender; (j) no "related person," as defined in Section 144(a)(3)(A) of the Code, has or is expected to have an interest as a creditor in the mortgage loan; (k) there are no persons who have or are expected to have a present ownership interest in the residence following closing on the loan who have not executed this Affidavit or one substantially similar to this Affidavit; and (l) I(we) do not have an application in process nor have I(we) received a commitment for a mortgage loan under any prior program of the Department (or the Texas Housing Agency).

(b) The residence will be occupied as my (our) principal residence within a reasonable time not to exceed 60 days of loan closing, will not be used as investment property, vacation, or recreational home; and I(we) will immediately notify the Servicer in writing if the residence ceases to be my(our) principal, permanent residence; (1) this is not a refinancing of an existing, previously occupied residence for which this mortgage loan is being requested and will not replace my(our) existing mortgage or land contract or a newly constructed residence has not and will not be occupied prior to loan commitment and the proceeds of the mortgage loan will not be used to replace my(our)existing mortgage, unless such loan is a construction, bridge or temporary initial financing of 24 months or less; (2) unless the residence is located in a targeted area or the mortgagor is a qualified veteran, all borrowers, spouses and any co-borrowers have submitted the most recent 3 years federal tax transcripts or reasons exempted by law to do so and individually or together have not had an ownership interest in a principal residence within 3 years of loan closing (*principal residence includes single-family detached, condominium, shares in housing cooperative, occupancy in an owned multi-family housing unit, factory made housing permanently affixed to real property; ownership includes full or partial ownership interest, fee simple, joint ownership interest by joint tenancy, tenancy in common or tenancy in the entirety, the interest of a tenant-stockholder in a cooperative, a land contract under which possession and the burdens and benefits of ownership are transferred, even if legal title is until some later date, ownership interest in trust or life estate interest*); (3) there are no persons who have or are expected to have a present ownership interest in the residence following closing on the loan who have not executed this Affidavit or one substantially similar to this Affidavit; and (4) I(we) must meet all federally and locally mandated requirements to qualify for the mortgage loan.

I (we) understand this Affidavit will be relied upon for the purposes of determining my (our) eligibility and understand that any fraudulent statement will result in (i) the immediate revocation of my (our) MCC and (ii) a $10,000 penalty under Section 6709 of the Code. I (we) further understand that any material misstatement in this Affidavit because of my (our) negligence will result in (i) the immediate revocation of my (our) MCC and (ii) a civil penalty of $1,000. Under penalties of perjury, I (we) declare that I (we) have examined the statements and certifications contained herein, and, to the best of my(our) knowledge and belief, they are true, correct and complete. I(we) understand that perjury is a felony punishable by fine or imprisonment or both.

APPLICANT	**CO-APPLICANT OR NON-PURCHASING SPOUSE**
Printed Name of Applicant	Printed Name of Co-Applicant or Non-Purchasing Spouse

Sworn to and subscribed before me on the _____ day of _____, 20_____.

PERSONALIZED SEAL	Notary Public Signature

[Signature Page to Applicant Affidavit]

AFFIDAVIT OF SELLER
(Waived for REO Property)
REVISED: [10/9/2025]

I/We the undersigned, as an essential participant in an application for which a Mortgage Loan or a Mortgage Credit Certificate is being sought under one of the Texas Department of Housing and Community Affairs' homeownership programs, being first duly sworn hereby certify the following:

(a) I(we) are the Seller (or Builder) of the single-family residence (the "Residence") located at:

_____
ADDRESS BEING SOLD

TEXAS

CITY	COUNTY	STATE	ZIP CODE

(b) I(We) certify that the total amount to be paid by the purchaser (or a related party to or for the benefit of the purchaser) to me(us), or to anyone related to me(us), or for my(our) benefit (such as payment to a real estate agent) in connection with the purchase of the Residence is $ _____. Such amount includes the following itemized amounts: (i) amount paid for the Residence, in cash or in kind, by Applicant or any person related to the Applicant for the benefit of the Applicant to the Seller or any person related to the Seller for Seller's benefit in the amount of $_____, (ii) if the Residence is incomplete and the Seller will pay any amounts towards completion, the amount of $_____ and (iii) if the Residence is subject to a ground rent payable to the Seller, the capitalized value of the ground rent of $_____.

Such amount does not include (1) usual and reasonable settlement and financing costs that would be paid by the purchaser where financing is not provided through the issuance of an MCC or qualified mortgage bond issue, (2) the value of services performed by purchaser or members of the purchaser's family, (3) the cost of any land owned by the purchaser at least 2 years prior to commencement of construction on the residence, or (4) any amount paid for personal property that is not a fixture under Texas law.

(c) I(We) have not entered into any other contract or agreement with the Applicant(s), either expressed or implied, to perform additional construction on the Residence or to transfer any additional property at additional cost other than personal property contained in the Residence which are listed by item and amount and attached hereto and incorporated into this Affidavit.

I/we understand this Affidavit will be relied upon for the purposes of determining the Applicant's eligibility and understand that any fraudulent statement will result in (i) the immediate revocation of the Applicant's MCC and (ii) a $10,000 penalty under Section 6709 of the Code. Under penalties of perjury, I(we) declare that I(we) have examined the statements and certifications contained herein, and, to the best of my(our) knowledge and belief, they are true, correct and complete. I(we) understand that perjury is a felony punishable by fine or imprisonment or both.

_____ _____
Dated Signature of Seller or Signature or Builder Representative

_____
Printed Name of Seller or Builder Representative

_____ _____
Dated Signature of Seller - If Seller Is Not an Individual, Type/print Name and Title and Name of Selling Entity. If Signatory Is Not the Owner, Type/print Name and Title. Attach Copy of Power of Attorney.

_____
Printed Name of Seller

Sworn to and subscribed before me on the _____ day of _____, _____.

PERSONALIZED SEAL _____
Notary Public Signature

CERTIFICATE OF LENDER
REVISED: [10/9/2025]

_____, the Lender, certifies that as of the date of closing of the mortgage loan it has (1) reviewed the foregoing affidavits of the Applicant(s) and the Seller and found the financial details contained therein (based on Lender's review of documents provided by, and the representations of the Applicant and Seller) to be true and correct; (2) has charged the Applicant(s) lender fees that are customary and reasonable and no more than what is charged by the Lender to other non-Program buyers; and (3) after completion of all underwriting, verifications and investigations, has approved the mortgage loan. **The Lender further certifies if applicable:**

MCC ONLY:

☐ **The financing attached to the Applicant's MCC does not use any of the prohibited financing, such as non-TDHCA mortgages funded with a qualified mortgage bond or a qualified veterans' mortgage bond.**

_____	_____
Dated	Signature of Authorized Officer
_____	_____
Telephone Number of Authorized Officer	Print Name & Title of Authorized Officer

COMPLIANCE FILE CHECKLIST
(MCC)

The Texas Homebuyer Program

POST CLOSING COMPLIANCE CHECKLIST

Texas Mortgage Credit Certificate
By The Texas Homebuyer Program

BORROWER(S) INFORMATION

MCC Loan ID Number:	Lender Loan ID Number:
Borrower(s) Name (s):	
Property Address:	
1st Mortgage Total Loan Amount: $	
Product:	
Reservation Date:	Expiration Date:

LENDER CONTACT INFORMATION

Company:	
Contact Name:	
Phone:	Email:

Please submit items 1 – 14 through the Lender Portal into the "Post-Closing Compliance Package" found in the "eDocs" icon located at www.TDHCALenderPortal.com

- ☐ 1. This **Checklist**
- ☐ 2. Final Executed **URLA's (1003)**
- ☐ 3. Final **Executed Closing Disclosure (CD)**
- ☐ 4. **Warranty Deed**
- ☐ 5. Fully Executed **Purchase Contract**
- ☐ 6. Executed **Notice to Buyers**
- ☐ 7. Executed **Application Affidavit – Tax Exempt**
- ☐ 8. Executed **Application Affidavit – Co-Signer** (If applicable)
- ☐ 9. Executed **Tax-Exempt Rider**
- ☐ 10. Executed **Seller's Affidavit**
- ☐ 11. Executed **Lender's Affidavit**
- ☐ 12. **3 Years IRS Transcripts** or **Signed Tax Return Copies** (Tax Return Affidavit, if applicable)
- ☐ 13. **Homebuyer Education Certification for ALL borrowers**
- ☐ 14. **Discharge Papers -DD214** (Only required for Qualified Veteran FTHB exception)

A Compliance Review Fee in the amount of $225.00 plus a $400.00 MCC issuance fee is due upon submission of the "Post-Closing Package" and payable through HilltopPay.

HilltopPay

For questions regarding HilltopPay, please contact us at TDHCALenderSupport@hilltopsecurities.com

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IMPORTANT: Please submit all checklist items as soon as possible in order to meet program timelines. Hilltop Securities Inc. cannot Issue the Mortgage Credit Certificate until all items on this checklist are received.

COMPLIANCE FILE CHECKLIST
(MCTH)

The Texas Homebuyer Program

My Choice Texas Home
By The Texas Homebuyer Program

POST CLOSING COMPLIANCE CHECKLIST

BORROWER(S) INFORMATION

TDHCA Loan ID Number:		Lender Loan ID Number:
Borrower(s) Name (s):		
Property Address:		
1st Mortgage Total Loan Amount: $		2nd Lien Total Loan Amount: $
Product:		
Additional Assistance if Applicable:		
Rate: %	Rate Lock Date:	Rate Lock Expiration:

LENDER CONTACT INFORMATION

Company:	
Contact Name:	
Phone:	Email:

Please submit items 1 – 15 through the Lender Portal into the *"Post-Closing Compliance Package"* found in the "eDocs" icon located at www.TDHCALenderPortal.com

- ☐ 1. This Checklist
- ☐ 2. Final Executed URLA's (1003)
- ☐ 3. Final Executed Closing Disclosure (CD)
- ☐ 4. Warranty Deed
- ☐ 5. Fully Executed Purchase Contract
- ☐ 6. Executed Notice to Buyers
- ☐ 7. Executed Application Affidavit – TBA Taxable
- ☐ 8. Executed Application Affidavit – Co-Signer (If applicable)
- ☐ 9. Executed Seller's Affidavit
- ☐ 10. Executed Lender's Affidavit
- ☐ 11. Executed Disclosure of 2nd Mortgage Loan Terms
- ☐ 12. Executed 2nd Lien DPA Note
- ☐ 13. Executed 2nd Lien DPA – Deed of Trust
- ☐ 14. Homebuyer Education Certification for ALL borrowers
- ☐ 15. Executed Additional Gift Funds Letter (if applicable)

A Compliance Review Fee in the amount of $225.00 is due upon submission of the "Post-Closing Package" and payable through HilltopPay.

HilltopPay

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COMPLIANCE FILE CHECKLIST
(MFTH)

The Texas Homebuyer Program

POST CLOSING COMPLIANCE CHECKLIST

My First Texas Home By The Texas Homebuyer Program

BORROWER(S) INFORMATION

TDHCA Loan ID Number:	Lender Loan ID Number:	
Borrower(s) Name (s):		
Property Address:		
1st Mortgage Total Loan Amount: $	2nd Lien Total Loan Amount: $	
Product:		
Additional Assistance if Applicable:		
Rate: %	Rate Lock Date:	Rate Lock Expiration:

LENDER CONTACT INFORMATION

Company:	
Contact Name:	
Phone:	Email:

Please submit items 1 – 19 through the Lender Portal into the *"Post-Closing Compliance Package"* found in the "eDocs" icon located at www.TDHCALenderPortal.com

- ☐ 1. This Checklist
- ☐ 2. Final Executed URLA's (1003)
- ☐ 3. Final Executed Closing Disclosure (CD)
- ☐ 4. Warranty Deed
- ☐ 5. Fully Executed Purchase Contract
- ☐ 6. Executed Notice to Buyers
- ☐ 7. Executed Application Affidavit – Tax Exempt
- ☐ 8. Executed Application Affidavit – Co-Signer (If applicable)
- ☐ 9. Executed Tax-Exempt Rider
- ☐ 10. Executed Seller's Affidavit
- ☐ 11. Executed Lender's Affidavit
- ☐ 12. Executed Disclosure of 2nd Mortgage Loan Terms
- ☐ 13. Executed 2nd Lien DPA Note
- ☐ 14. Executed 2nd Lien DPA – Deed of Trust
- ☐ 15. Executed Legally Enforceable Obligation Letter
- ☐ 16. 3 Years IRS Transcripts or Signed Tax Return Copies (Tax Return Affidavit, if applicable)
- ☐ 17. Homebuyer Education Certification for ALL borrowers
- ☐ 18. Discharge Papers -DD214 (Only required for Qualified Veteran FTHB exception)
- ☐ 19. Executed Additional Gift Funds Letter (if applicable)

A Compliance Review Fee in the amount of $225.00 is due upon submission of the "Post-Closing Package" and payable through HilltopPay.

HilltopPay

For questions regarding HilltopPay, please contact us at TDHCALenderSupport@hilltopsecurities.com

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COMPLIANCE FILE CHECKLIST
(MFTH COMBO)

The Texas Homebuyer Program

POST CLOSING COMPLIANCE CHECKLIST

My First Texas Home By The Texas Homebuyer Program

Texas Mortgage Credit Certificate By The Texas Homebuyer Program

BORROWER(S) INFORMATION

TDHCA Loan ID Number:	Lender Loan ID Number:	
Borrower(s) Name (s):		
Property Address:		
1st Mortgage Total Loan Amount: $	2nd Lien Total Loan Amount: $	
Product(s):		
Additional Assistance if Applicable:		
Rate: %	Rate Lock Date:	Rate Lock Expiration:

LENDER CONTACT INFORMATION

Company:	
Contact Name:	
Phone:	Email:

Please submit items 1 – 19 through the Lender Portal into the *"Post-Closing Compliance Package"* found in the "eDocs" icon located at www.TDHCALenderPortal.com

1. This Checklist
2. Final Executed URLA's (1003)
3. Final Executed Closing Disclosure (CD)
4. Warranty Deed
5. Fully Executed Purchase Contract
6. Executed Notice to Buyers
7. Executed Application Affidavit – Tax Exempt
8. Executed Application Affidavit – Co-Signer (If applicable)
9. Executed Tax-Exempt Rider
10. Executed Seller's Affidavit
11. Executed Lender's Affidavit
12. Executed Disclosure of 2nd Mortgage Loan Terms
13. Executed 2nd Lien DPA Note
14. Executed 2nd Lien DPA – Deed of Trust
15. Executed Legally Enforceable Obligation Letter
16. 3 Years IRS Transcripts or Signed Tax Return Copies (Tax Return Affidavit, if applicable)
17. Homebuyer Education Certification for ALL borrowers
18. Discharge Papers -DD214 (Only required for Qualified Veteran FTHB exception)
19. Executed Additional Gift Funds Letter (if applicable)

A Compliance Review Fee in the amount of $225.00 plus a $400.00 MCC issuance fee is due upon submission of the "Post-Closing Package" and payable through HilltopPay.

HilltopPay

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COMPLIANCE FILE CHECKLIST
(MFTH 0 DPA)

The Texas Homebuyer Program

POST CLOSING COMPLIANCE CHECKLIST

My First Texas Home
By The Texas Homebuyer Program

BORROWER(S) INFORMATION

TDHCA Loan ID Number:	Lender Loan ID Number:	
Borrower(s) Name (s):		
Property Address:		
1st Mortgage Total Loan Amount: $		
Product:		
Additional Assistance if Applicable:		
Rate: %	Rate Lock Date:	Rate Lock Expiration:

LENDER CONTACT INFORMATION

Company:	
Contact Name:	
Phone:	Email:

Please submit items 1 – 15 through the Lender Portal into the *"Post-Closing Compliance Package"* found in the "eDocs" icon located at www.TDHCALenderPortal.com

- ☐ 1. This **Checklist**
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- ☐ 5. Fully Executed **Purchase Contract**
- ☐ 6. Executed **Notice to Buyers**
- ☐ 7. Executed **Application Affidavit – Tax Exempt**
- ☐ 8. Executed **Application Affidavit – Co-Signer** (If applicable)
- ☐ 9. Executed **Tax-Exempt Rider**
- ☐ 10. Executed **Seller's Affidavit**
- ☐ 11. Executed **Lender's Affidavit**
- ☐ 12. **3 Years IRS Transcripts** or **Signed Tax Return Copies** (Tax Return Affidavit, if applicable)
- ☐ 13. **Homebuyer Education Certification for ALL borrowers**
- ☐ 14. **Discharge Papers -DD214** (Only required for Qualified Veteran FTHB exception)
- ☐ 15. Executed **Additional Gift Funds Letter** (if applicable)

A Compliance Review Fee in the amount of $225.00 is due upon submission of the "Post-Closing Package" and payable through HilltopPay.

HilltopPay

For questions regarding HilltopPay, please contact us at TDHCALenderSupport@hilltopsecurities.com

IMPORTANT: Please submit all checklist items as soon as possible in order to meet program timelines. Hilltop Securities Inc. cannot approve the loan for purchase by the Servicer until all items on this checklist are received.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

AFFIDAVIT OF CO-SIGNER/GUARANTOR

There are important legal consequences to this Affidavit. Read carefully before signing.

REVISED: [10/9/2025]

THE STATE OF TEXAS §
COUNTY OF _____ §

I/we the undersigned, as an obligor on a note (the "Note") made in connection with a mortgage loan (the "Mortgage Loan") being submitted by the Applicant(s) under the Department's My First Texas Home / My Choice Texas Home and/or Mortgage Credit Certificate Program ("MCC Program"):

_____
APPLICANT LAST NAME FIRST MIDDLE

_____
CO-APPLICANT LAST NAME FIRST MIDDLE

in the amount of $_____ from _____ (the "Mortgage Lender") under the My First Texas Home / My Choice Texas Home and/or the MCC Program, hereby certify that I/we are executing the note solely for purposes of providing additional security for the Mortgage Loan.

I/We further certify that I/we have no other financial or ownership interest in the property subject to the Mortgage Loan and that I/we have no intention to and will not occupy the property subject to the Mortgage Loan as a permanent/primary residence.

The statements set forth herein are made under penalty of perjury. I/we understand that perjury is a felony punishable by fine, imprisonment or both.

_____ _____
Dated Signature of Co-signer/Guarantor

_____
Printed Name of Co-signer/Guarantor

_____ _____
Dated Signature of Co-signer/Guarantor

_____
Printed Name of Co-signer/Guarantor

Sworn to and subscribed before me on this _____ day of _____, ____.

_____ _____
PERSONALIZED SEAL Notary Public Signature

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

NOTICE OF POTENTIAL RECAPTURE TAX ON SALE OF HOME
(To be delivered to Applicant at the Time of Settlement of Mortgage Loan)
REVISED: [10/9/2025]

Hilltop Securities, Inc.
717 N Harwood St, Suite 3400
Dallas, TX 75201
(214) 953-4231
HilltopSecurities.com

IMPORTANT CLOSING DOCUMENTS – DO NOT DISCARD –
NECESSARY IF YOU SHOULD DECIDE TO SELL YOUR PROPERTY - KEEP IN SAFE PLACE
NOTICE TO BORROWER(S) OF MAXIMUM RECAPTURE TAX AND COMPUTATION OF RECAPTURE TAX ON DISPOSITION OF THIS PROPERTY

Loan #

Dear Homeowner:

As previously disclosed to you, your mortgage may be subject to "recapture" if you sell or otherwise dispose of your house within nine years after purchase. The recapture takes the form of an increase to your federal income tax owed for the year of disposition, but only applies if you dispose of your house at a gain and your income is above a certain amount.

In accordance with the requirements of Section 143(m)(7) of the Internal Revenue Code of 1986, as amended (the "Code"), this Notice serves to inform you that the "federally-subsidized amount" with respect to your mortgage loan is $_____, which is 6.25% of the projected highest principal amount of your mortgage loan. Further, the adjusted qualifying income for each category of family size for each year of the 9-year period beginning on the date of closing on your mortgage loan is set forth below.

If you dispose of your house within months*:	Holding Period Percentage	Maximum Adjusted Qualifying Income (MAQI), for	
		1-2 person HH	3+ person HH
1 – 12	20%		
13 – 24	40%		
25 – 36	60%		
37 – 48	80%		
49 – 60	100%		
61 – 72	80%		
73 – 84	60%		
85 – 96	40%		
97 – 108	20%		
109 or more	No Recapture Tax		

*from closing date of your loan

1. GENERAL - When you sell your house, you may have to pay the Recapture Tax as calculated herein.

   Recapture Tax may also apply if you dispose of the property in some other way, such as giving the property to a relative. Whenever "sale" is used in this notice, it also applies to other ways of disposing your house.

2. EXCEPTIONS - In the following scenarios, no Recapture tax would be due:

   (a) You dispose of your house more than nine (9) years after you close your mortgage loan;
   (b) Your house is disposed of as a result of your death;
   (c) You transfer your house, either to your spouse or former spouse due to divorce, and you have no gain or loss reflected in your income (under Section 1041 of the Internal Revenue Code);
   (d) You dispose of your house at a loss.

3. MAXIMUM RECAPTURE TAX - The maximum Recapture Tax that you may be required to pay as an addition to your Federal Income Tax is equal to the "federally-subsidized amount" of $_____ set forth above.

4. ACTUAL RECAPTURE TAX - The actual Recapture Tax, if any, can only be determined when you sell your house, and will be the LESSER of:

   (a) 50% of the gain on the sale, regardless of whether it is included in your income for Federal Income Tax purposes, or
   (b) Your Recapture Tax amount, which is calculated by multiplying the following three (3) amounts:
      * Maximum Recapture Tax Amount (Explained in Paragraph 3),
      * Holding Period Percentage (Detailed in Page 1 Table - Column 1), and
      * Income Percentage (Described in Item 5 below)

5. INCOME PERCENTAGE - Calculate as follows...

   (a) Subtract the Maximum Adjusted Qualifying Income (MAQI) (see table on page 1) for the taxable year in which you sell your house, from your Modified Adjusted Income (MAI) for the same taxable year. MAI is the Adjusted Gross Income shown on your IRS tax return with the following two adjustments:
      1. PLUS any interest received or accrued in the taxable year from tax-exempt bonds that may have been excluded from your gross income, under Section 103 of the IRS Code; and
      2. MINUS the amount of gain on the sale or disposition of the property that was included in your gross income for that taxable year.

      MAI - MAQI = DIFFERENCE

   (b)

DIFFERENCE AMOUNT	INCOME PERCENTAGE
0 or Less	-0-
$5,000 or More	100%
More than 0 but less than $5,000	Difference/$5,000 (Example: $1,000/$5,000 = 20%)

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6. LIMITATIONS AND SPECIAL RULES ON RECAPTURE TAX - Additional provisions and rules apply in specific circumstances, such as the destruction of the property, disposition by gift, sale upon early prepayment and others.

The determination of whether you are subject to any Recapture Tax can only be made at the time of sale of your property. You may wish to consult a tax advisor and/or Internal Revenue Service office for more details in your particular case. General Information on Recapture Tax can be found in Section 143(m) of the Code, or by logging on to www.irs.gov. You may also request Form 8828 and the respective instructions for said form for a better understanding on how Recapture Tax can impact you.

Sincerely,
Hilltop Securities, Inc.

FOR YOUR REFERENCE:

Your Loan Servicer:
Originating Lender:
Loan #
Loan Amount:
Term in months: Closing Date:
Issuer:
Program:
Property Address: County:

Texas Mortgage Credit Certificate
By The Texas Homebuyer Program

MCC Refinance Loan Application

Request to Reissue MCC

Borrower name(s), as it appears on original MCC:_____

Property Address:_____

Telephone Number:_____

Email Address, where new MCC will be sent:_____

TDHCA MCC Number:_____

Balance Owed on Original Loan: $_____

Original Loan Amount: $_____

New Loan Amount: $_____

Closing Date of Refinance:_____

Refinanced Loan Maturity:_____

Lender:_____

Lender Loan Number:_____

The undersigned borrower (whether one or more), being the owner(s) of the above residence of (the "Residence"), and the holder of a Mortgage Credit Certificate (the "MCC") issued in connection with the Texas Department of Housing and Community Affairs (TDHCA) Mortgage Credit Certificate Program, does hereby depose and say, under penalty of perjury and the civil penalties outlined herein, that each of the following statements are, correct and complete in all respects:

1. Property. The refinanced loan pertains to the same property to which the original MCC related, which is the Residence described above.

2. Replacement of Entire MCC. The new MCC replaces the original MCC in its entirety. No portion of the original MCC is being retained with respect to any portion of the outstanding balance of the original loan amount specified on the original MCC.

3. Loan Amount. The refinanced loan amount does not exceed the outstanding balance of the original mortgage loan as of the date of the refinancing.

4. MCC Credit Rate. The new MCC will be at the same credit rate as the original MCC.

5. No Increase in Tax Credit Amounts. The undersigned acknowledges that in the event the maturity of the refinanced loan is a date later than the maturity of the original loan, the new MCC will expire as of the original maturity date so that there shall be no increase in the tax credit amounts under the new MCC for any tax year over the amounts which would have been available under the original MCC.

6. Date of Refinancing. The date of the refinancing stated above is the true and correct date the refinancing documents were executed.

7. Reaffirmation of the Original Obligations. The undersigned further reaffirms all of the representations, obligations and agreements covered under the documents signed in connection with obtaining the original MCC and acknowledges that all such obligations and agreements shall continue in full force and effect in connection with the new MCC.

8. Revocation of Mortgage Credit Certificate. The undersigned understands that is any of the statements set forth herein are not true, correct and complete in all respects, or that if federal law or regulations disqualify further participation in the MCC Program, the MCC Program, the MCC may be immediately revoked.

9. Penalty. The statements set forth herein are made under penalty of perjury and the following civil penalties. Any material misstatement in any affidavit or certification made in connection with application for or issuance of an MCC due to my negligence shall result in a civil penalty fee payable to the Department of $1,000.00, and any such material misstatement due to my fraud shall result in a civil penalty fee payable to the Department of $10,000.00. I understand that perjury is a felony offense punishable by fine or imprisonment, or both.

Signature(s) of Borrower:_____

_____

SUBSCRIBED and SWORN to before me this day of_____, 20____.

_____
Notary Public, State of Texas

EMAIL THE FOLLOWING TO: HTSHousing@HilltopSecurities.com

- This Document (MCC Refinance Loan Application)
- Copy of Mortgage Credit Certificate (keep original for your files).
- Copy of Final Refinanced Closing Disclosure (all 5 pages) or ALTA Settlement Statement
- Copy of Refinancing Lender Acknowledgment (to be completed by lender refinancing the mortgage loan)
- Copy of $50 MCC Reissuance Fee payable to Hilltop Securities (check or cashiers check) no money orders

MAIL CHECK TO:

Hilltop Securities Inc.
Attention: Housing Department
717 N. Harwood St., Suite 3400
Dallas, Texas 75201

* PLEASE NOTATE YOUR NAME, ADDRESS and MCC NUMBER on your Check*

Once payment is received, Re-Issued Mortgage Credit Certificate will be processed and sent electronically via the email listed on this application.

For questions email: HTSHousing@HilltopSecurities.com or call: 214.953.4176

Texas Mortgage Credit Certificate
By The Texas Homebuyer Program

Refinancing Lender Acknowledgement

As the mortgage lender originating the refinanced mortgage loan referenced in the "Refinancing of MCC Loan Application," I acknowledge that I am required to file an IRS Form 8329 with the Internal Revenue Service for the reissued Mortgage Credit Certificate (MCC) associated with such refinanced mortgage loan and hereby agree to file Form 8329 with the Internal Revenue Service to update IRS information concerning the reissuance of the related MCC. Hilltop Securities Inc. on behalf of TDHCA will forward the 8329 following reissuance of the MCC.

For our company, Form 8329 should be forwarded to:

Company Name _____

Contact Person _____

Email _____

Phone _____

_____

(Authorized Officer Signature)

Printed Name of Authorized Officer _____

Email _____

Phone _____

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
MORTGAGE CREDIT CERTIFICATE PROGRAM

SUPPLEMENTAL INSTRUCTIONS FOR COMPLETING IRS FORM W-4

The MCC tax credit is very similar to the credit which may be taken for child or dependent care expenses which ranges from 20% to 30% depending upon income. Although a separate line on the W-4 form is not provided for the MCC credit, you may use line F for this purpose.

If you anticipate at least $1,500 of MCC mortgage interest during the year, you may enter "1" on line F. If you anticipate paying more than $3,000 in mortgage interest during the year, you may enter "2" on line F. If you additionally have child or dependent care expenses that would entitle you to a tax credit, the number should be adjusted accordingly.

The following example shows how you might calculate the amount of mortgage interest you will pay during the first full year:

Mortgage balance at beginning of year:	$200,000
Interest rate on mortgage loan:	6.00%
Estimated annual interest paid:	$12,000

The actual amount of interest paid will be somewhat less, because with each monthly payment, your mortgage balance decreases.

If you have more than one wage earner in your family (e.g., both spouses are employed), be careful not to claim too many allowances by putting the maximum number on both workers' W-4 forms. Dual income families normally need to reduce the number of allowances taken to avoid having to pay penalties when their annual tax return is filed.

If you wish to calculate the additional amount of mortgage interest you might be able to take as an itemized deduction, follow the instructions on the back of the W-4 Form. On line 1, be sure to subtract an amount equal to the credit amount of your certificate from the total amount of mortgage interest which you have calculated for deduction purposes. (Federal law requires subtracting an amount equal to the MCC tax credit claimed from the amount of the home mortgage interest to be deducted.)

This IRS Form W-4 is to be filed with the payroll clerk where you work. You do not send the W-4 form to the Internal Revenue Service or to TDHCA. If you have any questions concerning completion of the form, your payroll clerk should be able to assist you. For additional information regarding how to calculate withholdings, please visit the following link: https://www.irs.gov/individuals/irs-withholding-calculator.

Failure to revise your IRS Form W-4 to reflect the MCC tax credit will have no effect on your ability to claim the deduction with your annual tax return. When you file your annual IRS form 1040, you will need to claim the MCC tax credit in the space provided. You will also need to complete IRS 8396 and file it with your tax return.

These instructions are for your information only. Texas Department of Housing and Community Affairs and its officers and agents do not intend to render any income tax advice in connection with this MCC program. All MCC holders or applicants should consult with the Internal Revenue Service or their personal income tax advisers concerning the appropriate level of withholding allowance given their personal tax situations.

Form **W-4**

Department of the Treasury
Internal Revenue Service

Employee's Withholding Certificate

Complete Form W-4 so that your employer can withhold the correct federal income tax from your pay.
Give Form W-4 to your employer.
Your withholding is subject to review by the IRS.

OMB No. 1545-0074

2025

Step 1: Enter Personal Information

(a) First name and middle initial | Last name | (b) **Social security number**

Address

City or town, state, and ZIP code

Does your name match the name on your social security card? If not, to ensure you get credit for your earnings, contact SSA at 800-772-1213 or go to www.ssa.gov.

(c) ☐ **Single** or **Married filing separately**
☐ **Married filing jointly** or **Qualifying surviving spouse**
☐ **Head of household** (Check only if you're unmarried and pay more than half the costs of keeping up a home for yourself and a qualifying individual.)

TIP: Consider using the estimator at *www.irs.gov/W4App* to determine the most accurate withholding for the rest of the year if: you are completing this form after the beginning of the year; expect to work only part of the year; or have changes during the year in your marital status, number of jobs for you (and/or your spouse if married filing jointly), dependents, other income (not from jobs), deductions, or credits. Have your most recent pay stub(s) from this year available when using the estimator. At the beginning of next year, use the estimator again to recheck your withholding.

Complete Steps 2–4 ONLY if they apply to you; otherwise, skip to Step 5. See page 2 for more information on each step, who can claim exemption from withholding, and when to use the estimator at *www.irs.gov/W4App*.

Step 2: Multiple Jobs or Spouse Works

Complete this step if you (1) hold more than one job at a time, or (2) are married filing jointly and your spouse also works. The correct amount of withholding depends on income earned from all of these jobs.

Do **only one** of the following.

(a) Use the estimator at *www.irs.gov/W4App* for the most accurate withholding for this step (and Steps 3–4). If you or your spouse have self-employment income, use this option; **or**

(b) Use the Multiple Jobs Worksheet on page 3 and enter the result in Step 4(c) below; **or**

(c) If there are only two jobs total, you may check this box. Do the same on Form W-4 for the other job. This option is generally more accurate than (b) if pay at the lower paying job is more than half of the pay at the higher paying job. Otherwise, (b) is more accurate . . . . . ☐

Complete Steps 3–4(b) on Form W-4 for only ONE of these jobs. Leave those steps blank for the other jobs. (Your withholding will be most accurate if you complete Steps 3–4(b) on the Form W-4 for the highest paying job.)

Step 3: Claim Dependent and Other Credits

If your total income will be $200,000 or less ($400,000 or less if married filing jointly):

Multiply the number of qualifying children under age 17 by $2,000 $

Multiply the number of other dependents by $500 . . . . . $

Add the amounts above for qualifying children and other dependents. You may add to this the amount of any other credits. Enter the total here . . . . . **3** $

Step 4 (optional): Other Adjustments

(a) Other income (not from jobs). If you want tax withheld for other income you expect this year that won't have withholding, enter the amount of other income here. This may include interest, dividends, and retirement income . . . . . **4(a)** $

(b) Deductions. If you expect to claim deductions other than the standard deduction and want to reduce your withholding, use the Deductions Worksheet on page 3 and enter the result here . . . . . **4(b)** $

(c) Extra withholding. Enter any additional tax you want withheld each **pay period** . . **4(c)** $

Step 5: Sign Here

Under penalties of perjury, I declare that this certificate, to the best of my knowledge and belief, is true, correct, and complete.

Employee's signature (This form is not valid unless you sign it.) **Date**

Employers Only

Employer's name and address | First date of employment | Employer identification number (EIN)

For Privacy Act and Paperwork Reduction Act Notice, see page 3. Cat. No. 10220Q Form **W-4** (2025)

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Future Developments

For the latest information about developments related to Form W-4, such as legislation enacted after it was published, go to *www.irs.gov/FormW4*.

Purpose of Form

Complete Form W-4 so that your employer can withhold the correct federal income tax from your pay. If too little is withheld, you will generally owe tax when you file your tax return and may owe a penalty. If too much is withheld, you will generally be due a refund. Complete a new Form W-4 when changes to your personal or financial situation would change the entries on the form. For more information on withholding and when you must furnish a new Form W-4, see Pub. 505, Tax Withholding and Estimated Tax.

Exemption from withholding. You may claim exemption from withholding for 2025 if you meet both of the following conditions: you had no federal income tax liability in 2024 **and** you expect to have no federal income tax liability in 2025. You had no federal income tax liability in 2024 if (1) your total tax on line 24 on your 2024 Form 1040 or 1040-SR is zero (or less than the sum of lines 27, 28, and 29), or (2) you were not required to file a return because your income was below the filing threshold for your correct filing status. If you claim exemption, you will have no income tax withheld from your paycheck and may owe taxes and penalties when you file your 2025 tax return. To claim exemption from withholding, certify that you meet both of the conditions above by writing "Exempt" on Form W-4 in the space below Step 4(c). Then, complete Steps 1(a), 1(b), and 5. Do not complete any other steps. You will need to submit a new Form W-4 by February 17, 2026.

Your privacy. Steps 2(c) and 4(a) ask for information regarding income you received from sources other than the job associated with this Form W-4. If you have concerns with providing the information asked for in Step 2(c), you may choose Step 2(b) as an alternative; if you have concerns with providing the information asked for in Step 4(a), you may enter an additional amount you want withheld per pay period in Step 4(c) as an alternative.

When to use the estimator. Consider using the estimator at *www.irs.gov/W4App* if you:

1. Are submitting this form after the beginning of the year;

2. Expect to work only part of the year;

3. Have changes during the year in your marital status, number of jobs for you (and/or your spouse if married filing jointly), or number of dependents, or changes in your deductions or credits;

4. Receive dividends, capital gains, social security, bonuses, or business income, or are subject to the Additional Medicare Tax or Net Investment Income Tax; or

5. Prefer the most accurate withholding for multiple job situations.

TIP: Have your most recent pay stub(s) from this year available when using the estimator to account for federal income tax that has already been withheld this year. At the beginning of next year, use the estimator again to recheck your withholding.

Self-employment. Generally, you will owe both income and self-employment taxes on any self-employment income you receive separate from the wages you receive as an employee. If you want to pay these taxes through withholding from your wages, use the estimator at *www.irs.gov/W4App* to figure the amount to have withheld.

Nonresident alien. If you're a nonresident alien, see Notice 1392, Supplemental Form W-4 Instructions for Nonresident Aliens, before completing this form.

Specific Instructions

Step 1(c). Check your anticipated filing status. This will determine the standard deduction and tax rates used to compute your withholding.

Step 2. Use this step if you (1) have more than one job at the same time, or (2) are married filing jointly and you and your spouse both work. Submit a separate Form W-4 for each job.

Option **(a)** most accurately calculates the additional tax you need to have withheld, while option **(b)** does so with a little less accuracy.

Instead, if you (and your spouse) have a total of only two jobs, you may check the box in option **(c)**. The box must also be checked on the Form W-4 for the other job. If the box is checked, the standard deduction and tax brackets will be cut in half for each job to calculate withholding. This option is accurate for jobs with similar pay; otherwise, more tax than necessary may be withheld, and this extra amount will be larger the greater the difference in pay is between the two jobs.

CAUTION

Multiple jobs. *Complete Steps 3 through 4(b) on only one Form W-4. Withholding will be most accurate if you do this on the Form W-4 for the highest paying job.*

Step 3. This step provides instructions for determining the amount of the child tax credit and the credit for other dependents that you may be able to claim when you file your tax return. To qualify for the child tax credit, the child must be under age 17 as of December 31, must be your dependent who generally lives with you for more than half the year, and must have the required social security number. You may be able to claim a credit for other dependents for whom a child tax credit can't be claimed, such as an older child or a qualifying relative. For additional eligibility requirements for these credits, see Pub. 501, Dependents, Standard Deduction, and Filing Information. You can also include **other tax credits** for which you are eligible in this step, such as the foreign tax credit and the education tax credits. To do so, add an estimate of the amount for the year to your credits for dependents and enter the total amount in Step 3. Including these credits will increase your paycheck and reduce the amount of any refund you may receive when you file your tax return.

Step 4 (optional).

Step 4(a). Enter in this step the total of your other estimated income for the year, if any. You shouldn't include income from any jobs or self-employment. If you complete Step 4(a), you likely won't have to make estimated tax payments for that income. If you prefer to pay estimated tax rather than having tax on other income withheld from your paycheck, see Form 1040-ES, Estimated Tax for Individuals.

Step 4(b). Enter in this step the amount from the Deductions Worksheet, line 5, if you expect to claim deductions other than the basic standard deduction on your 2025 tax return and want to reduce your withholding to account for these deductions. This includes both itemized deductions and other deductions such as for student loan interest and IRAs.

Step 4(c). Enter in this step any additional tax you want withheld from your pay **each pay period**, including any amounts from the Multiple Jobs Worksheet, line 4. Entering an amount here will reduce your paycheck and will either increase your refund or reduce any amount of tax that you owe.

Step 2(b)—Multiple Jobs Worksheet *(Keep for your records.)*

If you choose the option in Step 2(b) on Form W-4, complete this worksheet (which calculates the total extra tax for all jobs) on **only ONE** Form W-4. Withholding will be most accurate if you complete the worksheet and enter the result on the Form W-4 for the highest paying job. To be accurate, submit a new Form W-4 for all other jobs if you have not updated your withholding since 2019.

Note: If more than one job has annual wages of more than $120,000 or there are more than three jobs, see Pub. 505 for additional tables; or, you can use the online withholding estimator at *www.irs.gov/W4App*.

1 **Two jobs.** If you have two jobs or you're married filing jointly and you and your spouse each have one job, find the amount from the appropriate table on page 4. Using the "Higher Paying Job" row and the "Lower Paying Job" column, find the value at the intersection of the two household salaries and enter that value on line 1. Then, **skip** to line 3 . . . . . 1 $

2 **Three jobs.** If you and/or your spouse have three jobs at the same time, complete lines 2a, 2b, and 2c below. Otherwise, skip to line 3.

a Find the amount from the appropriate table on page 4 using the annual wages from the highest paying job in the "Higher Paying Job" row and the annual wages for your next highest paying job in the "Lower Paying Job" column. Find the value at the intersection of the two household salaries and enter that value on line 2a . . . . . 2a $

b Add the annual wages of the two highest paying jobs from line 2a together and use the total as the wages in the "Higher Paying Job" row and use the annual wages for your third job in the "Lower Paying Job" column to find the amount from the appropriate table on page 4 and enter this amount on line 2b . . . . . 2b $

c Add the amounts from lines 2a and 2b and enter the result on line 2c . . . . . 2c $

3 Enter the number of pay periods per year for the highest paying job. For example, if that job pays weekly, enter 52; if it pays every other week, enter 26; if it pays monthly, enter 12, etc. 3

4 **Divide** the annual amount on line 1 or line 2c by the number of pay periods on line 3. Enter this amount here and in **Step 4(c)** of Form W-4 for the highest paying job (along with any other additional amount you want withheld) . . . . . 4 $

Step 4(b)—Deductions Worksheet *(Keep for your records.)*

1 Enter an estimate of your 2025 itemized deductions (from Schedule A (Form 1040)). Such deductions may include qualifying home mortgage interest, charitable contributions, state and local taxes (up to $10,000), and medical expenses in excess of 7.5% of your income . . . . . 1 $

2 Enter:
- $30,000 if you're married filing jointly or a qualifying surviving spouse
- $22,500 if you're head of household
- $15,000 if you're single or married filing separately

. . . . . 2 $

3 If line 1 is greater than line 2, subtract line 2 from line 1 and enter the result here. If line 2 is greater than line 1, enter "-0-" . . . . . 3 $

4 Enter an estimate of your student loan interest, deductible IRA contributions, and certain other adjustments (from Part II of Schedule 1 (Form 1040)). See Pub. 505 for more information . . . . 4 $

5 **Add** lines 3 and 4. Enter the result here and in **Step 4(b)** of Form W-4 . . . . . 5 $

Privacy Act and Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. Internal Revenue Code sections 3402(f)(2) and 6109 and their regulations require you to provide this information; your employer uses it to determine your federal income tax withholding. Failure to provide a properly completed form will result in your being treated as a single person with no other entries on the form; providing fraudulent information may subject you to penalties. Routine uses of this information include giving it to the Department of Justice for civil and criminal litigation; to cities, states, the District of Columbia, and U.S. commonwealths and territories for use in administering their tax laws; and to the Department of Health and Human Services for use in the National Directory of New Hires. We may also disclose this information to other countries under a tax treaty, to federal and state agencies to enforce federal nontax criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by Code section 6103.

The average time and expenses required to complete and file this form will vary depending on individual circumstances. For estimated averages, see the instructions for your income tax return.

If you have suggestions for making this form simpler, we would be happy to hear from you. See the instructions for your income tax return.

Married Filing Jointly or Qualifying Surviving Spouse

Higher Paying Job Annual Taxable Wage & Salary	Lower Paying Job Annual Taxable Wage & Salary											
	$0 - 9,999	$10,000 - 19,999	$20,000 - 29,999	$30,000 - 39,999	$40,000 - 49,999	$50,000 - 59,999	$60,000 - 69,999	$70,000 - 79,999	$80,000 - 89,999	$90,000 - 99,999	$100,000 - 109,999	$110,000 - 120,000
$0 - 9,999	$0	$0	$700	$850	$910	$1,020	$1,020	$1,020	$1,020	$1,020	$1,020	$1,020
$10,000 - 19,999	0	700	1,700	1,910	2,110	2,220	2,220	2,220	2,220	2,220	2,220	3,220
$20,000 - 29,999	700	1,700	2,760	3,110	3,310	3,420	3,420	3,420	3,420	3,420	4,420	5,420
$30,000 - 39,999	850	1,910	3,110	3,460	3,660	3,770	3,770	3,770	3,770	4,770	5,770	6,770
$40,000 - 49,999	910	2,110	3,310	3,660	3,860	3,970	3,970	3,970	4,970	5,970	6,970	7,970
$50,000 - 59,999	1,020	2,220	3,420	3,770	3,970	4,080	4,080	5,080	6,080	7,080	8,080	9,080
$60,000 - 69,999	1,020	2,220	3,420	3,770	3,970	4,080	5,080	6,080	7,080	8,080	9,080	10,080
$70,000 - 79,999	1,020	2,220	3,420	3,770	3,970	5,080	6,080	7,080	8,080	9,080	10,080	11,080
$80,000 - 99,999	1,020	2,220	3,420	4,620	5,820	6,930	7,930	8,930	9,930	10,930	11,930	12,930
$100,000 - 149,999	1,870	4,070	6,270	7,620	8,820	9,930	10,930	11,930	12,930	14,010	15,210	16,410
$150,000 - 239,999	1,870	4,240	6,640	8,190	9,590	10,890	12,090	13,290	14,490	15,690	16,890	18,090
$240,000 - 259,999	2,040	4,440	6,840	8,390	9,790	11,100	12,300	13,500	14,700	15,900	17,100	18,300
$260,000 - 279,999	2,040	4,440	6,840	8,390	9,790	11,100	12,300	13,500	14,700	15,900	17,100	18,300
$280,000 - 299,999	2,040	4,440	6,840	8,390	9,790	11,100	12,300	13,500	14,700	15,900	17,100	18,300
$300,000 - 319,999	2,040	4,440	6,840	8,390	9,790	11,100	12,300	13,500	14,700	15,900	17,170	19,170
$320,000 - 364,999	2,040	4,440	6,840	8,390	9,790	11,100	12,470	14,470	16,470	18,470	20,470	22,470
$365,000 - 524,999	2,790	6,290	9,790	12,440	14,940	17,350	19,650	21,950	24,250	26,550	28,850	31,150
$525,000 and over	3,140	6,840	10,540	13,390	16,090	18,700	21,200	23,700	26,200	28,700	31,200	33,700

Single or Married Filing Separately

Higher Paying Job Annual Taxable Wage & Salary	Lower Paying Job Annual Taxable Wage & Salary											
	$0 - 9,999	$10,000 - 19,999	$20,000 - 29,999	$30,000 - 39,999	$40,000 - 49,999	$50,000 - 59,999	$60,000 - 69,999	$70,000 - 79,999	$80,000 - 89,999	$90,000 - 99,999	$100,000 - 109,999	$110,000 - 120,000
$0 - 9,999	$200	$850	$1,020	$1,020	$1,020	$1,370	$1,870	$1,870	$1,870	$1,870	$1,870	$2,040
$10,000 - 19,999	850	1,700	1,870	1,870	2,220	3,220	3,720	3,720	3,720	3,720	3,890	4,090
$20,000 - 29,999	1,020	1,870	2,040	2,390	3,390	4,390	4,890	4,890	4,890	5,060	5,260	5,460
$30,000 - 39,999	1,020	1,870	2,390	3,390	4,390	5,390	5,890	5,890	6,060	6,260	6,460	6,660
$40,000 - 59,999	1,220	3,070	4,240	5,240	6,240	7,240	7,880	8,080	8,280	8,480	8,680	8,880
$60,000 - 79,999	1,870	3,720	4,890	5,890	7,030	8,230	8,930	9,130	9,330	9,530	9,730	9,930
$80,000 - 99,999	1,870	3,720	5,030	6,230	7,430	8,630	9,330	9,530	9,730	9,930	10,130	10,580
$100,000 - 124,999	2,040	4,090	5,460	6,660	7,860	9,060	9,760	9,960	10,160	10,950	11,950	12,950
$125,000 - 149,999	2,040	4,090	5,460	6,660	7,860	9,060	9,950	10,950	11,950	12,950	13,950	14,950
$150,000 - 174,999	2,040	4,090	5,460	6,660	8,450	10,450	11,950	12,950	13,950	15,080	16,380	17,680
$175,000 - 199,999	2,040	4,290	6,450	8,450	10,450	12,450	13,950	15,230	16,530	17,830	19,130	20,430
$200,000 - 249,999	2,720	5,570	7,900	10,200	12,500	14,800	16,600	17,900	19,200	20,500	21,800	23,100
$250,000 - 399,999	2,970	6,120	8,590	10,890	13,190	15,490	17,290	18,590	19,890	21,190	22,490	23,790
$400,000 - 449,999	2,970	6,120	8,590	10,890	13,190	15,490	17,290	18,590	19,890	21,190	22,490	23,790
$450,000 and over	3,140	6,490	9,160	11,660	14,160	16,660	18,660	20,160	21,660	23,160	24,660	26,160

Head of Household

Higher Paying Job Annual Taxable Wage & Salary	Lower Paying Job Annual Taxable Wage & Salary											
	$0 - 9,999	$10,000 - 19,999	$20,000 - 29,999	$30,000 - 39,999	$40,000 - 49,999	$50,000 - 59,999	$60,000 - 69,999	$70,000 - 79,999	$80,000 - 89,999	$90,000 - 99,999	$100,000 - 109,999	$110,000 - 120,000
$0 - 9,999	$0	$450	$850	$1,000	$1,020	$1,020	$1,020	$1,020	$1,870	$1,870	$1,870	$1,890
$10,000 - 19,999	450	1,450	2,000	2,200	2,220	2,220	2,220	3,180	4,070	4,070	4,090	4,290
$20,000 - 29,999	850	2,000	2,600	2,800	2,820	2,820	3,780	4,780	5,670	5,690	5,890	6,090
$30,000 - 39,999	1,000	2,200	2,800	3,000	3,020	3,980	4,980	5,980	6,890	7,090	7,290	7,490
$40,000 - 59,999	1,020	2,220	2,820	3,830	4,850	5,850	6,850	8,050	9,130	9,330	9,530	9,730
$60,000 - 79,999	1,020	3,030	4,630	5,830	6,850	8,050	9,250	10,450	11,530	11,730	11,930	12,130
$80,000 - 99,999	1,870	4,070	5,670	7,060	8,280	9,480	10,680	11,880	12,970	13,170	13,370	13,570
$100,000 - 124,999	1,950	4,350	6,150	7,550	8,770	9,970	11,170	12,370	13,450	13,650	14,650	15,650
$125,000 - 149,999	2,040	4,440	6,240	7,640	8,860	10,060	11,260	12,860	14,740	15,740	16,740	17,740
$150,000 - 174,999	2,040	4,440	6,240	7,640	8,860	10,860	12,660	14,860	16,740	17,740	18,940	20,240
$175,000 - 199,999	2,040	4,440	6,640	8,840	10,860	12,860	14,860	16,910	19,090	20,390	21,690	22,990
$200,000 - 249,999	2,720	5,920	8,520	10,960	13,280	15,580	17,880	20,180	22,360	23,660	24,960	26,260
$250,000 - 449,999	2,970	6,470	9,370	11,870	14,190	16,490	18,790	21,090	23,280	24,580	25,880	27,180
$450,000 and over	3,140	6,840	9,940	12,640	15,160	17,660	20,160	22,660	25,050	26,550	28,050	29,550

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
MORTGAGE CREDIT CERTIFICATE PROGRAM

NOTICE OF CANCELLATION

Lender: _____

Applicant: _____ TDH#:_____

Subject Property Address: _____
_____

TDHCA has received an MCC Compliance file on _____

Number of e-mails to Lender regarding outstanding deficiency _____

Date Notice sent to Lender _____

MCC Underwriter Certification? ☐ Yes ☐ No

In compliance with the Mortgage Credit Certificate Program, after several requests to address the outstanding deficiencies for the above MCC loan, this notice of cancellation is effective as of the date below. If these deficiencies are not remedied by the date below, TDHCA will not reinstate this loan and the issuance fee will be refunded back to your company.

Reason(s) for Cancellation:

_____ Borrower is married – which means the NPS should have signed the Notice to Buyer; Applicant Affidavit

_____ Affidavit of Seller – Not included with file

_____ 3 years tax transcripts and/or signed tax returns were not included with the file 1003 reflects borrower married. (Hence NPS signature on Applicant Affidavit and Notice to Buyers)

_____ 1003 and HUD-1 / Closing Disclosure were not included

_____ Homebuyer Education Certificate of Completion

_____ NPS needs to be added to Hilltop system

_____Other

Effective Date of Cancellation: _____

By:_____

Name:_____

Title:_____

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
MORTGAGE CREDIT CERTIFICATE PROGRAM

PROCEDURES GUIDE

PART I

PROGRAM ADMINISTRATION

1.1 Obligations, Duties and Responsibilities.

(a) Verification. After Closing, the Program Administrator, on behalf of the Department, will review a completed and executed Compliance File as set forth in the Program Manual to confirm that:

(1) The Residence:

(A) is a single family attached or detached single family structure, a qualifying duplex, condominium unit or qualifying manufactured housing that is permanently affixed to the ground,

(B) is located within the Eligible Loan Area,

(C) has a Purchase Price that does not exceed the applicable limit set from time to time under the Program Manual, as it may be amended from time to time, and

(D) is located within a Targeted Area or is being purchased by an Applicant who is a Qualified Veteran, if the Applicant is not a first-time homebuyer as described in subsection (5).

(2) The land on which the Residence is situated either is not the subject of a ground lease, or, if the Residence is subject to a ground lease, then the capitalized value of the ground lease has been included in the Purchase Price.

(3) The Applicant Affidavit is in the form attached to the Program Manual and has been properly executed.

(4) The Applicant:

(A) except in the case of a loan replacing an existing mortgage securing a construction period loan or similar temporary financing having a term not exceeding 24 months, has not had an existing mortgage, whether paid off or not, on the Residence at any time prior to the issuance of the loan to which the MCC relates, and

(B) has executed an Applicant Affidavit in the form attached to the Program Manual setting forth an intent to occupy the residence as the Principal Residence of the Applicant within a reasonable period (not to exceed 60 days) following the closing date of the mortgage loan to purchase the Residence.

(5) The Applicant(s) has had no present ownership interest in a Principal Residence at any time during the three-year period prior to the date on which the loan is

executed, except that this requirement does not apply to (i) a loan in a Targeted Area or (ii) a loan to an Applicant who is a Qualified Veteran.

(6) The Annualized Gross Income as determined in the Applicant Affidavit does not exceed the Income Limits as set forth in the Program Manual, as it may be amended from time to time. Information with respect to gross monthly income may be obtained from the Applicant Affidavit and other available loan documents.

(7) In determining whether such individual(s) meets the requirements set forth in Sections 1.1(a)(5) and (6), respectively, the Department or its designee will:

(A) Except for Residences in a Targeted Area or for a loan to a Qualified Veteran, review copies of the federal income tax transcripts, if applicable, of each individual, for the three-year period immediately preceding the date of the proposed closing to confirm that the individual(s) did not claim deductions for taxes or interest on indebtedness with respect to real property constituting a Principal Residence of any such individual(s), whether one or more; provided that, in lieu of any such income tax transcript, the Department or its designee may accept the alternative documentation permitted by the Program Manual. The federal income tax return for the immediately preceding tax year will not be required, unless already filed, before February 15 of the current calendar year.

(B) Determine if the Annualized Gross Income exceeds the Income Limits as set forth in the Program Manual, as it may be amended from time to time.

(b) Issuance of MCC. The Department will review after closing all documents required to be delivered to it by a Lender and will promptly notify the Lender of any deficiency it determines to exist in any such documents. Upon determining that such documents meet the Program requirements, the Department will deliver an executed MCC to the Applicant in substantially the form attached as Exhibit C to the Program Manual, with a copy to the Lender. The Department will retain a copy of the MCC for its files.

(c) Books and Records. The Department will keep proper books, records, and accounts in which complete and correct copies of all certificates and documents required to be filed with it will be maintained and preserved (including preservation on, computer tapes or other such condensed forms) for the full term of this Program, which is until the final expiration date of all the MCCs.

(d) Fees. Upon closing, the Lender on behalf of the Applicant will submit a Compliance File and the MCC Issuance Fee. After review of the closing documents, a Mortgage Credit Certificate will be issued if the file is in Compliance.

(e) Monitoring of MCC Authority. Department staff on a monthly basis will monitor the remaining MCC authority balance based on the number of MCC reservations made in the on-line reservation system. When the remaining balance approaches approximately 60% of the total MCC authority, and if the Department has sufficient private activity bond volume cap allocation, staff will begin the process to release its next MCC program.

PART II

WITH RESPECT TO THE MCCs

2.1 Reissuance of MCCs upon Refinancing. Prior to reissuing an MCC pursuant to Section G of the Program Manual, the Department or its designee will confirm that the reissued MCC will satisfy the following requirements:

(a) The reissued MCC is issued to the holder of the existing MCC with respect to the same Residence.

(b) The reissued MCC entirely replaces the existing MCC (the holder may not retain the existing MCC with respect to any portion of the outstanding balance of the loan associated with the existing MCC).

(c) The certified indebtedness amount on the reissued MCC does not exceed the outstanding balance of the loan associated with the existing MCC.

(d) The reissued MCC does not increase the MCC Rate above the MCC Rate on the existing MCC.

(e) The expiration date on the reissued MCC is not later than the expiration date on the existing MCC.

(f) The reissued MCC does not result in an increase in the tax credit that would otherwise have been allowable under the existing MCC for any taxable year.

2.2 Maintenance of MCC Information. The Department will maintain information as to the MCCs originally issued and the MCCs it has delivered in exchange for or in lieu of mutilated, destroyed, lost, or stolen MCCs.

PART III

REPORTING REQUIREMENTS

3.1 Monthly Status Reports. The Department will maintain Program files and monthly status reports regarding the Program performance including, but not limited to the following: the number and dollar amount of MCCs applied for to date, information on loans made in conjunction with the MCCs, including the number of loans originated by month and by Lender, average purchase price, loan amount, applicant annual income and household size, ethnicity, types of home (new or existing), type of loan and such additional information deemed necessary and appropriate by the Department. See Exhibit A (MCC Summary Report).

3.2 IRS Form 8329. For each calendar year during which it originates loans to Applicants obtaining MCCs or issues a reissued MCC, the Lender must file an annual report using IRS Form 8329 with respect to such MCCs and reissued MCCs. Prior to the filing deadline for such report, the Department will assist in furnishing to the Lender the information in its records necessary for the Lender to complete IRS Form 8329. For each reissued MCC, the lender for the

refinanced loan, if not a participating lender, shall sign and deliver a Certificate of Lender for Refinanced Loan in the form attached to the Program Manual and shall file the Form 8329 provided by the Department. The Lender or non-participating mortgage lender, as the case may be, mails Form 8329 to: Internal Revenue Service Center, Ogden, UT 84201.

3.3 IRS Form 8396. For each year during which MCCs are issued under the Program, the Department will, during the January following such year, mail an Internal Revenue Service Form 8396 to each MCC holder of record of an MCC issued during such year.

3.4 IRS Mortgage Credit Certificate Information Report. The Bond Finance Analyst will prepare and submit the IRS Mortgage Credit Certificate Information Report not later than August 15 of each year for the reporting period from July 1 through June 30 of each year in which MCCs are issued. The report is required by Treasury Regulation 1.25-4T(e). The IRS Mortgage Credit Certificate Information Report is mailed to: Internal Revenue Service Center, Philadelphia, Pennsylvania 19255.

3.5 IRS Form 8330. The Bond Finance Analyst will prepare and submit, not later than the 15th day following the end of each calendar quarter during which MCCs are issued, the report required by Treasury Regulation 1.25-8T(b) (currently Internal Revenue Service Form 8330). Form 8330 is mailed to: Internal Revenue Service Center, Ogden, Utah 84201.

- For quarter ending March 31 Due April 30
- For quarter ending June 30 Due July 31
- For quarter ending September 30 Due October 31
- For quarter ending December 31 Due January 31

3.6 Method of Filing. Forms and reports filed with the IRS as described in the foregoing Sections 3.2 through 3.5 should be sent by registered or certified mail or by a private delivery service designated under criteria established by the IRS.

Exhibit A

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

MORTGAGE CREDIT CERTIFICATE PROGRAM

MCC Summary Report

Month	*# of Loans*	*% of Loans*	*Total Loans Originated*
Total			

Lender	*# of Loans*	*% of Loans*	*Total Loans Originated*
Total			

At a Glance	
Volume Cap Used for Program 113	
Mortgage Credit Certificate Rate	
Maximum Loan Allocation	
Total Loans Originated	
Total Committed (in Pipeline)	
Total Remaining	
Average Annual Income	
Average Purchase Price	
Average Loan Amount	
Average Allocation Amount	
Average Household Size	
Low Income	
Low Income (below 80% AMFI)	
Income Over 80% AMFI	
Targeted	
Targeted	
Non-Targeted	
New / Existing	
New	
Existing	
Type of Loan	
Ethnicity	
American Indian or Alaskan Native	
Asian or Pacific Islander	
Black	
Hispanic	
Not Defined	
Other	
White	

Top 10 Originating Counties	*(# of Loans)*

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1164 **Agenda Date:** 10/9/2025 **Agenda #:** 18.

Presentation, discussion, and possible action regarding eligibility under 10 TAC §11.101(b)(1)(D) related to Ineligibility of Developments within Areas of High Crime for Bernicia Place (#25476)

RECOMMENDED ACTION

WHEREAS, the applicant for Bernicia Place submitted a Neighborhood Risk Factors (NRF) Report, and a request for a pre-determination of site eligibility on August 25, 2025;

WHEREAS, the applicant disclosed the presence of a Neighborhood Risk Factor related to the presence of an adjacent census tract that has a violent crime rate greater than 18 per 1,000 persons, which renders the Development ineligible;

WHEREAS, the applicant also disclosed the presence of another Neighborhood Risk Factor, relating to the poverty rate and such risk factor will be sufficiently mitigated pursuant to the QAP in the form of a resolution from the governing body;

WHEREAS, the applicant provided further information about the crime rate within the subject census tract and police beat that encompasses said tract;

WHEREAS, the mitigation provided and discussed herein still yielded a Part I violent crime rate greater than 18 per 1,000 persons, which renders the Development ineligible without the opportunity for further mitigation, per 10 TAC §11.101(b)(1)(D); and

WHEREAS, staff recommends the site for Bernicia Place be found ineligible;

NOW, therefore, it is hereby

RESOLVED, that based on further review of the development site as discussed herein, the proposed development and associated 4% HTC application for Bernicia Place is ineligible pursuant to 10 TAC §11.101(b)(1)(D) of the QAP relating to Ineligibility of Developments within Areas of High Crime.

BACKGROUND

General Information: Bernicia Place is to be located in Houston, Harris County, and proposes the new construction of 120 units that will serve the elderly population. The Certificate of Reservation from the Bond Review Board was issued under the Priority 1A designation, which requires 50% of the units to be rent- and income-restricted at 50% of Area Median Income (AMI) and 50% of the units to be rent- and income-restricted at 60% of Area Median Income (AMI). The applicant submitted a 4% HTC application to TDHCA on September 8, 2025, and that application indicates that 70 of the units will be rent- and income-restricted at 30% AMI, and the remaining 50 units will be rent- and income-restricted at 50% AMI.

Poverty: The development site is located in a census tract (CT 48201313600) that has a poverty rate of 42.30%, which exceeds the threshold of 40% allowed under 10 TAC §11.101(a)(3)(D)(i). The QAP allows for a resolution from the Governing Body of the appropriate municipality or county that acknowledges the high poverty rate and authorizes the development to move forward, to serve as acceptable mitigation for a poverty rate that exceeds the threshold. According to the applicant, a resolution from the City of Houston that meets the requirements of 10 TAC §11.101(a)(3)(E)(i) is forthcoming and will be provided.

Crime: As previously mentioned, the applicant disclosed a Neighborhood Risk Factor related to the Part I violent crime rate. More specifically, the Part I violent crime rate of the census tract containing the proposed development site is 16.42 per 1,000 persons, which is below the allowed threshold in the QAP; however, an adjacent tract with boundaries within 500 feet of the proposed site (census tract 48201313700) has a Part I violent crime rate of 28.37. This renders the proposed site/application ineligible under 10 TAC §11.101(a)(3).

As part of the NRF Report, applicant provided information related to the ongoing crime-reduction efforts of different law enforcement agencies that have jurisdiction in the area. According to the applicant, the Houston Police Department, Harris County Constable, and the Metropolitan Transit Authority of Harris County Police Department all provide services in the associated area to varying degrees.

According to the applicant, these efforts resulted in a 21% drop in violent crime from 2022 to 2023 within Houston City Council District D, which covers the proposed development site, as well as a considerable part of south Houston.

Also included with the NRF report was a letter from Harris County Constable, James Philips, that further details his office's crime mitigation efforts in the area through a partnership with the Greater Southeast Management District, an area that covers 30 square miles. The agreement

provides law enforcement services from Constable Precinct Seven to the area, which includes four deputies who dedicate 80% of their time fighting crime within the Greater Southeast Management District area. Constable Philips also expressed his support for the proposed development.

In order to get a more current and focused understanding of the extent of violent crime in the neighborhood surrounding Bernicia Place, staff requested violent crime data specific to the violating census tract, the police beat that covers said census tract, and the city council district over the last several years. Information provided by the applicant as a result of that request revealed the following:

- Violent crime in Council District D increased by 10% from 2023 to 2024.
- Violent crime in Council District D is down by 13% year-to-date from 2024 to 2025.
- In the census tract (CT 48201313700), the Part I Violent Crime Rate was 30.95 in 2022, 31.90 in 2023, and 38.10 in 2024.
- In the police beat that covers the census tract (14D10), the Part I Violent Crime Rate was 26.42 in 2022, 32.34 in 2023, and 33.03 in 2024.

As outlined above, according to the information/data provided, the Part I Violent Crime Rate over the last several years has increased in both the subject census tract and the police beat that covers the census tract, and is well above the 18 per 1,000 persons threshold outlined in the QAP. As a result, staff determined that the proposed development and associated 4% HTC application are ineligible, in accordance with §11.101(b)(1)(D) of the QAP. Staff is requesting the Board reaffirm that determination.

August 25, 2025

Teresa Morales
Director of Multifamily Bonds and Administrator of 4% Housing Tax Credits
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78701

Re: Bernicia Place Neighborhood Risk Factors

Dear Ms. Morales,

In accordance with 10 TAC §11.101(a)(3) I am writing to disclose the neighborhood risk factors for Bernicia Place, a proposed senior development in the Greater Old Spanish Trail (OST)/South Union area. The Development owner is requesting eligibility due to adjacency to census tracts with a violent crime rate over 18.00 per 1,000 persons. It is important to note that the violent crime rate for the subject census tract meets the Department's threshold at 16.42 per 1,000 persons. This is a significant decrease from 2024 in which the rate for the census tract was 23.2 per 1,000 persons.

This letter, along with the supplemental attachments, should provide a clearer impression of the ongoing, and detailed efforts to address the issues in the Greater OST/South Union neighborhood.

Overview

Bernicia Place is located at the Southeast Quadrant of Old Spanish Trail and Scottcrest Drive, Houston, TX 77021. A map of the census tract is provided as Attachment A. The Development will surround the Southeast Transit Center, which will provide residents with easy access to Houston's METRO bus system with multiple routes. This unique location will promote public transportation use and walkability. The Development is also near several amenities, such as being within one mile of multiple parks, pharmacies, and grocery stores. Bernicia Place is just 2 miles away from the Medical Center, a major job center. A map of the amenities is included as Attachment B.

Neighborhood Risk Factors

Poverty

The QAP states that a Development Site located within a census tract that has a poverty rate above 40%, or 55% for Developments in regions 11 and 13, constitutes a Neighborhood Risk Factor. Bernicia Place is within Census Tract 48201313600, which has a poverty rate of 42.30% **. A Resolution from the City of Houston acknowledging the high poverty rate and authorizing Bernicia Place to move forward is forthcoming.** Pursuant to 11.101(a)(3)(E)(i) of the QAP, the aforementioned Resolution is sufficient and appropriate mitigation for Bernicia Place's eligibility.

Furthermore, the Development is within the OST/Almeda Corridors TIRZ #7, which provides a great opportunity for investment and revitalization to the area. In 2019 the proposed location was added within the TIRZ boundaries. It is clear that this area will begin to see significant redevelopment through concerted partnerships with the City of Houston. The Project Plan from 2019 outlines plans for housing

and infrastructure investment throughout the area. Notably, the plan states as one of its goals the "enhancement of a transportation network in the Zone to bolster economic development that is safe, efficient, and equitable for bicyclists, pedestrians, transit users, and motorists." As a transit-oriented development, Bernicia Place helps progress this goal while providing affordable housing for residents. Additionally, the OST/Almeda TIRZ Fiscal Year 2024 budget that has been approved by the City is approximately $80 million. With the City of Houston committed to seeing the OST/Almeda area redevelop, high quality affordable housing is an invaluable part of the greater goal of ensuring prosperity for the area. Please see Attachment C for more on the City of Houston's investments in the Old Spanish Trail/Almeda community.

In addition, local organizations and advocates are actively engaging, serving, and working with members of the community to reduce the level of poverty and promote economic mobility. The neighborhood has access to the services of numerous organizations in the area that provide opportunities for upward mobility and assistance. Just within a two-mile radius, future residents of Bernicia Place are in proximity to four organizations, listed below:

- ***Houston Area Urban League***. Houston Area Urban League offers a variety of programs for both the individual and collective betterment of Black and marginalized communities, who have historically faced high levels of poverty in cities such as Houston. Examples of their initiatives towards alleviating poverty for underserved communities include housing and social services programs, workforce development & training programs, an Entrepreneurship Center, a Center for Social Justice & Education, health wellness programs, and educational programs.
- ***Agape Development***. Agape Development offers employment assistance such as resume writing, job search assistance, and interview practice**.** Other services include help with obtaining an ID or benefits. The organization is also a major advocate for bringing affordable housing into the area, building "community designed" homes below 80% AMI and providing individuals with an affordable short term rental option. The work that the organization does is a critical asset to the neighborhood as it helps residents have access to resources and opportunities that they otherwise would not have had.
- Two other local programs that promote economic mobility and/or ease economic burdens that would otherwise enable poverty include ***South Union Community Development Corporation*** and ***Almighty Ministries, Inc***.

It should be noted that what all the organizations have in common is that they are rooted in empowering the *local* neighborhoods in a small-scale approach and directly engage with community members. For more information about the local nonprofits, please refer to Attachment D.

Crime

The violent crime rate is 16.42 per 1,000 persons for the census tract, according to Neighborhood Scout. Although the census tract's crime rate meets the required threshold, there are two adjacent census tract boundaries within 500 ft of the site, the first of which has a violent crime rate of 28.37 (census tract 48201313700). The violent crime rate of the second adjacent census tract (census tract 48201313201) is 18.01. For extracted pages from the Neighborhood Scout reports, please see Attachment E.

HPD is engaged in highly focused efforts to address local crime in the area. In 2021, the City of Houston launched **One Safe *Houston***, an initiative to reduce Part 1 Violent Crime. A robust program made in response to the increasing crime from the COVID-19 Pandemic, the initiative features several key elements that have been able to effectively reduce the crime rate in the area. The department has not only increased their visibility in the Greater OST community by creating more overtime opportunities for police, but they have also increased their capacity to address the most prevalent crimes by turning their

focus to specialized teams. These specialized teams allow for the department to prevent crime and support victims of crime in a more effective manner, and include:

- Domestic Abuse Response Team that targets women in the community who are victims of family violence.
- Crime Suppression Teams, which provide the opportunity for local and federal law enforcement to partner in their joint efforts to reduce Part 1 violent crime in the area.
- Mobile Crisis Outreach Team, a team of mental health professionals who respond to situations involving a person in mental health crisis without the involvement of law enforcement.
- Crisis Intervention Response Teams consisting of a Crisis Intervention Trained (CIT) peace officer and a licensed professional clinician (LPC) who together will respond to mental health disturbances. The idea is that using the skills and knowledge of both, the team will safely de-escalate mental health crises and provide the most informed possible disposition.
- Clinician-Officer Remote Evaluation Program that will connect a mental health clinician in the community at the time of the 911 dispatch.

While the initiative has only been implemented within the last few years, Houston has already seen a significant drop in crime rates**.** For City District D in which Bernicia Place is located, violent crime is down 21% so far for 2023 in comparison to 2022.

The Site is within the service area for the Greater Southeast Management District (GSMD). The GSMD was created by the Texas legislature in 2005. The District covers approximately 10 square miles completely within Houston and Harris County. The Management District is empowered to finance projects related to Public Safety, Mobility and Transportation, Environmental and Urban Design, and Business Development. **Last year, Harris County entered into an agreement with the District to provide Constable Services to the area.** These services include 4 officers that devote 80% of their time to fighting crime in the area, including patrols, investigating crimes and making arrests. These activities have been very successful, as evidenced by the nearly 7% drop in crime.

Furthermore, the proposed development is part of Metropolitan Transit Authority of Harris County Police Department (MPD)'s service area. MPD provides security, surveillance, pedestrian and traffic control, and is integrated into citywide emergency management. In an ongoing effort to reduce crime and best serve the community MPD takes a multifaceted approach to address issues of crime, ranging from patrol units, partnerships, and specialized units. MPD officers patrol area streets, roadways, segways, and METRO facilities on foot, by car, motorcycles, and bicycles every single day. In addition to this the METRO Police Department actively engages in community collaboration and maintains a cooperative working partnership with other law enforcement agencies within the METRO service area, including the Houston Police Department. Through these partnerships MPD is able to participate in programs such as: the Federal Bureau of Investigation (FBI) Joint Terrorism Task Force, Houston Police Department Regional Auto Theft Task Force, Houston Police Homeless Outreach Unit, Houston Police Fusion Center, and Crime Stoppers of Houston, all of which help create a safer community and reduce crime.

For more information on the current crime mitigation, and a letter from the Constable, please see Attachments F and G. It is evident that the crime mitigation efforts employed in the area are successful, and the development of Bernicia Place will only help these mitigation efforts.

Schools

The proposed Bernicia Place Development is within the boundaries of Houston Independent School District (HISD). The Texas Education Accountability (TEA) ratings for the zoned schools are as follows:

Zoned School	**2021-2022 TEA Rating**
Peck Elementary	B
Cullen Middle School	C
Yates High School	Not Rated: Senate Bill 1365
HISD District Rating	B

Yates High School has received a 2022 TEA rating of Not Rated: Senate Bill 1365. As the Development's target population is elderly, mitigation is not required. Copies of the TEA Accountability Ratings are provided as Attachment H.

Conclusion

It is our assertion that residents of Bernicia Place will live in a thriving community where they will have access to a high quality of life. Local investment, engagement from community nonprofits promoting a better quality of life, and innovative crime prevention initiatives show that the neighborhood will continue to see positive changes and be able to prosper. The mitigation efforts in place demonstrate how the neighborhood risk factors disclosed in this report are not of such nature or severity that should render Bernicia Place ineligible.

Furthermore, the Development aligns with the Department's goals of allocating funds conservatively in areas of high opportunity. The addition of Bernicia Place will provide the much-needed, high-quality affordable housing units for the area and is within proximity to many job opportunities.

Thank you for reviewing this report and for your consideration. Please let me know should you have any questions or concerns at christine@structuretexas.com.

Sincerely,

Christine Castillo
Consultant to the Project

Attachments:

Attachment A Neighborhood Boundaries Map
Attachment B Amenity Map
Attachment C 2024 OST/Almeda TIRZ Budget
Attachment D Local Organizations
Attachment E Neighborhood Scout Crime Data
Attachment F Crime Mitigation – One Safe Houston; Harris County and GSMD Agreement; MPD
Attachment G Constable Letter
Attachment H TEA Accountability Rating Report Cards

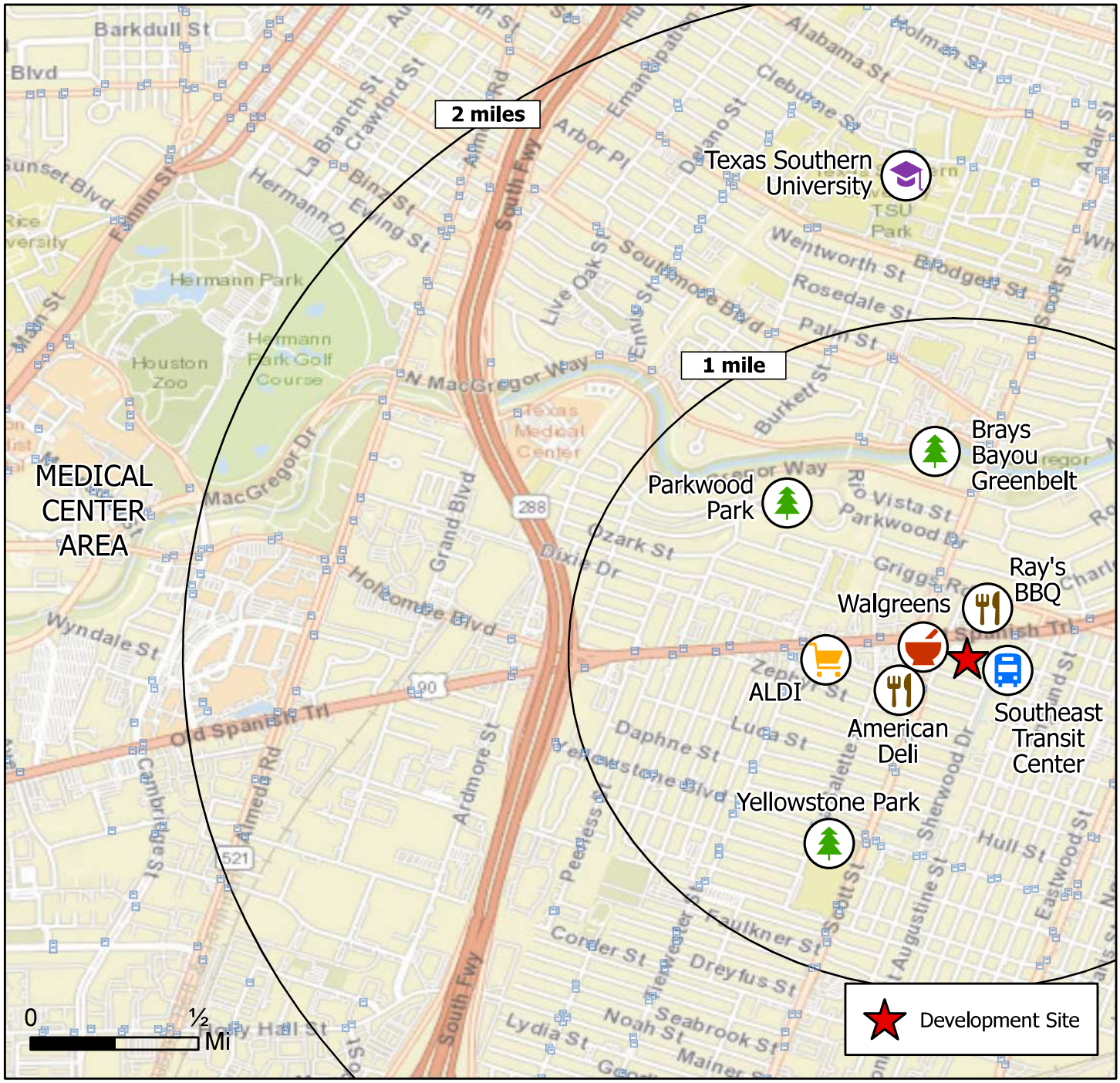
Attachment A

Attachment B

Amenities Map

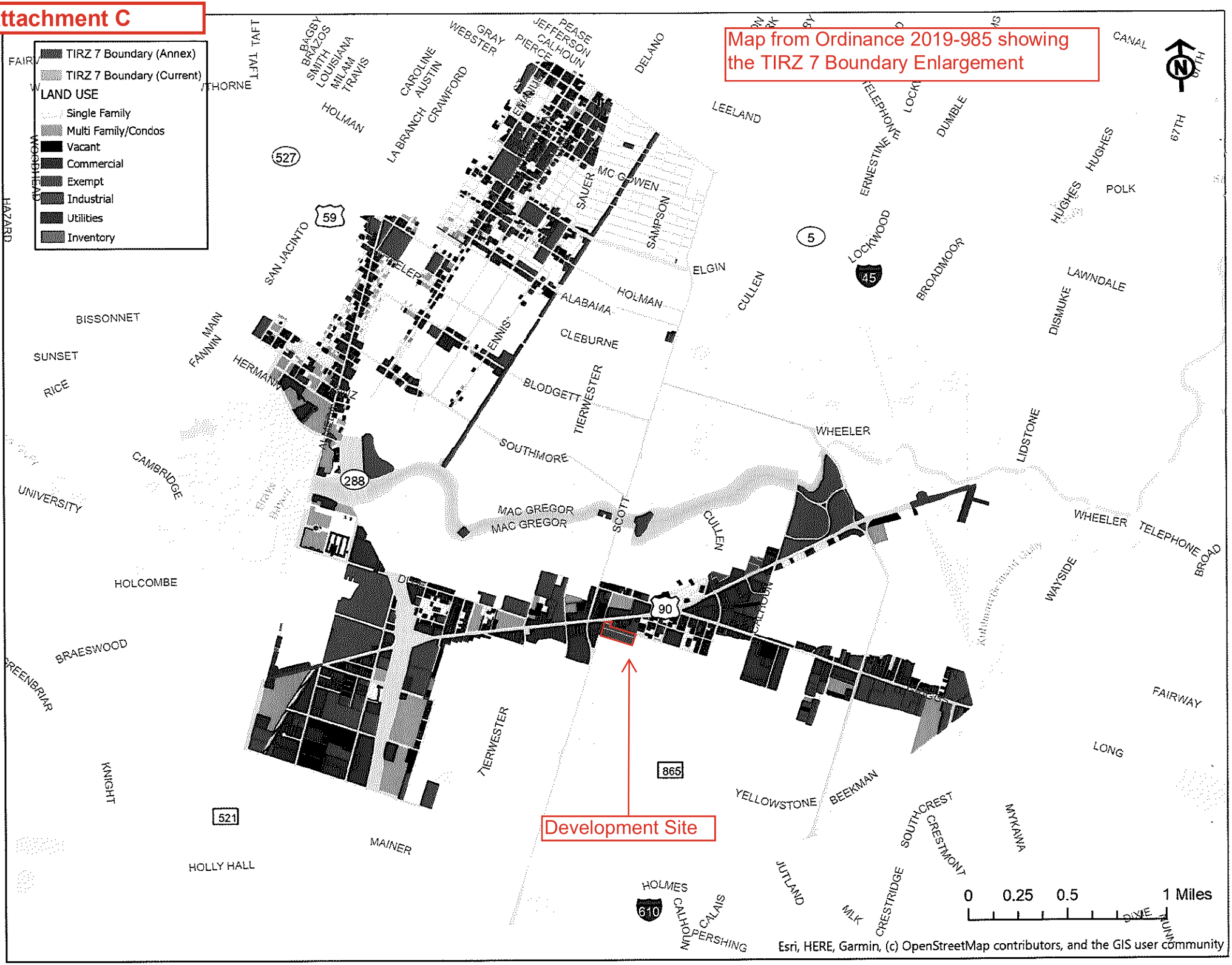
6000 Scottcrest Dr
Houston, Texas

STRUCTURE DEVELOPMENT



The development site is located within 1-mile of amenities like grocery stores, pharmacies, parks, and restaurants.
It is also 2 miles away from the Medical Center, a major job center.

Attachment C



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2024 Budget

City of Houston, Texas, Ordinance No. 2023-1101

AN ORDINANCE RELATING TO THE FISCAL AFFAIRS OF THE OLD SPANISH TRAIL/ALMEDA CORRIDORS REDEVELOPMENT AUTHORITY ON BEHALF OF REINVESTMENT ZONE NUMBER SEVEN, CITY OF HOUSTON, TEXAS (OLD SPANISH TRAIL/ALMEDA CORRIDORS ZONE); APPROVING THE FISCAL YEAR 2024 OPERATING BUDGET FOR THE AUTHORITY AND THE FISCAL YEARS 2024-2028 CAPITAL IMPROVEMENTS BUDGET FOR THE ZONE; CONTAINING FINDINGS AND OTHER PROVISIONS RELATED TO THE FOREGOING SUBJECT; AND DECLARING AN EMERGENCY.

* * * * * * *

WHEREAS, the Old Spanish Trail/Almeda Corridors Redevelopment Authority (the "Authority"), a local government corporation acting on behalf of the City in connection with Reinvestment Zone Number Seven, City of Houston, Texas (the "Zone"), has submitted an Operating Budget for Fiscal Year 2024 (the "Operating Budget") and a five-year Capital Improvements Projects Budget for Fiscal Years 2024-2028 (the "CIP Budget," and, collectively with the Operating Budget, the "Budgets") to the City Council for approval pursuant to the Tri-Party agreement among the City, the Authority, and the Zone approved by Ordinance No. 1998-681, as amended by Ordinance No. 2001-127; and

WHEREAS, the City designated the Zone on May 7, 1997, by Ordinance No. 97-478; and

WHEREAS, the Budgets are based on the following assumptions:

1. The timely implementation of capital improvement projects in the Budgets may require the Authority to incur debt; and
2. The City's Chief Development Officer will assist the Authority in identifying a cost-efficient method to finance the costs of the capital improvements, and

WHEREAS, the City has experienced an incremental increase in the cost of providing municipal services as a result of the creation of the Zone and the development and redevelopment of the land in the Zone; and

WHEREAS, the City Council finds that it is appropriate to recover its incremental costs of municipal services for Fiscal Year 2024 from the tax increment produced by the City and paid into the Tax Increment Fund of the Zone, subject to complying with the provisions of Texas Tax Code Section 311.010(i); and

WHEREAS, the City Council finds that the incremental costs of providing municipal services set forth in the Operating Budget attached hereto as **Exhibit A** are reasonable and will be paid from the tax increment produced by the City and paid into the Tax Increment Fund of the Zone; and

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WHEREAS, the City Council desires to approve the Budgets; **NOW, THEREFORE,**

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF HOUSTON, TEXAS:

Section 1. That the findings contained in the preamble of this Ordinance are determined to be true and correct and are hereby adopted as part of this Ordinance.

Section 2. That the City Council takes cognizance of the fact that in order to implement the Project Plan and Reinvestment Zone Financing Plan for the Zone, as amended, and to make adjustments occasioned by events transpiring during the year, the Authority, may amend (increase, decrease, or adjust) its Budget but must advise the Zone's Board of Directors and the City's Chief Development Officer of any budget amendment; provided, however, that budget amendments that involve an increase, decrease, or adjustment of $400,000 or more must be approved by the Zone's Board of Directors and the City Council. Subject to the foregoing, the Operating Budget attached hereto as **Exhibit A** is hereby approved for the Authority.

Section 3. That the CIP Budget attached hereto as **Exhibit B** is hereby approved for the Zone.

Section 4. That not later than March 31, 2024, the Zone and the Authority shall, in cooperation with City representatives, (1) identify surplus funds in the Authority's Fiscal Year 2024 Operating Budget based on the difference between Zone revenues and the Fiscal Year 2024 Operating Budget for the Authority approved by the City; and (2) make available any surplus Zone funds, through appropriate agreement, for projects identified by the City that are eligible for tax increment funding, such as affordable housing, areas of public assembly, incremental costs of municipal services attributable to development

and redevelopment in the Zone, and capital projects that benefit the City and the Zone. The agreement may provide for the payment of surplus funds into one or more accounts established by the City or may provide for direct payment by the Authority for that purpose. The Zone and the Authority shall consider amendments to the Zone's Project Plan and Reinvestment Zone Financing Plan that may be necessary to accomplish this purpose, and shall expedite any such amendments.

Section 5. That the City's Chief Development Officer is directed to assist the Authority in identifying a cost-efficient method for financing public infrastructure consistent with financing principles used by the City.

Section 6. That the approval of this Budget is contingent upon receipt by the City's Chief Development Officer of a document signed by the Administrator of the Authority and/or Zone disclosing the name of each owner or developer of property within the Zone from which the Administrator has received compensation during the last five calendar years, and the amount of compensation by owner by year. Compensation may be expressed by category as follows:

Category I	Less than $1,000.00
Category II	At least $1,000.00 but less than $10,000.00
Category III	At least $10,000.00 but less than $50,000.00
Category IV	At least $50,000.00 but less than $100,000.00
Category V	At least $100,000.00 but less than $500,000.00
Category VI	At least $500,000.00 but less than $1,000,000.00
Category VII	$1,000,000.00 or more

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Section 7. That there exists a public emergency requiring that this Ordinance be passed finally on the date of its introduction as requested in writing by the Mayor; therefore, this Ordinance shall be passed finally on such date and shall take effect immediately upon its passage and approval by the Mayor; however, in the event that the Mayor fails to sign this Ordinance within five days after its passage and adoption, it shall take effect in accordance with Article VI, Section 6, Houston City Charter.

PASSED AND ADOPTED this 13th day of December, 2023.

APPROVED this _____ day of _____, 2023.

_____
Mayor of the City of Houston

Pursuant to Article VI, Section 6, Houston City Charter, the effective date of the foregoing Ordinance is DEC 19 2023.

_____
City Secretary

DocuSigned by:
Kent Kelsey
726B6B8C91C14CC...

Prepared by Legal Department
(KK;gd October 25, 2023) Senior Assistant City Attorney
Requested by Andrew F. Icken, Chief Development Officer, Office of the Mayor
LD-RE-0000002035

Meeting 12/13/2023

Aye	No	
✓		**Mayor Turner**
....	....	**Council Members**
✓		Peck
Absent due to being ill		Jackson
✓		Kamin
✓		Evans-Shabazz
✓		Martin
✓		Thomas
✓		Huffman
✓		Cisneros
✓		Gallegos
✓		Pollard
✓		Castex-Tatum
✓		Knox
✓		Robinson
✓		Kubosh
Absent on personal business		Plummer
✓		Alcorn
Caption	Adopted	

Captions Published in DAILY COURT REVIEW
Date: 9/19/2023

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EXHIBIT A

Fiscal Year 2024 Operating Budget for Old Spanish Trail/Almeda Corridors Redevelopment Authority

CITY OF HOUSTON
ECONOMIC DEVELOPMENT DIVISION
FISCAL YEAR 2024 BUDGET PROFILE

Fund Summary
Fund Name: OST/Almeda Corridors Redevelopment Authority
TIRZ: 07
Fund Number: 7555/50

PROFILE

Base Year:		1997
Base Year Taxable Value:	$	89,520,330
Projected Taxable Value (TY2022):	$	2,783,237,494
Current Taxable Value (TY2021):	$	2,404,253,830
Acres:		2,157.01
Administrator (Contact):		Theola Petteway
Contact Number:		(713) 522-5154

NARRATIVE

Zone Purpose:

Tax Increment Reinvestment Zone Number Seven, City of Houston, Texas was created to provide a plan and programs needed to encourage investment and stimulate commercial, industrial and residential development in Old Spanish Trail, Almeda Road and Griggs Road corridors area, adjacent neighborhoods and Upper Third Ward including design and construction of roadways and streets, public utility systems, parks, environmental remediation and land acquisition.

In fiscal year 2023, the OST/Almeda Corridors Redevelopment Authority-TIRZ#7 accomplished the following: (a) Emancipation Avenue Reconstruction Project (CIP #T-0711A): The Lane Elimination Study which evaluated traffic operations on Emancipation Avenue between Southmore Boulevard to Pierce St reducing street travel lanes was completed and approved by the City of Houston in early 2022. Currently the project is in the Design Phase (Plans, Specifications, and Estimates) and is 60% completed. The projected date for construction to begin is in 2024. (b) Emancipation Park and Community Center-Phase II Project (CIP #T-0712): B & D Contractors, Inc. were approved for Construction and Installation of Improvements for Emancipation Park and Community Center Phase II Project in November 2022. Improvements included playground fall surface renovations, playground equipment removal and replacement with new play structure, removal and relocation of existing sensory play equipment, comprehensive landscape replacement and renovation, irrigation pump station repairs and Blackstar gravel aggregate renovations. All essential improvements were substantially completed prior to the major 2023 Juneteenth Celebration. The project is currently in substantial completion and is anticipated to be in final completion by the end of August 2023. (c) Historic Holman St Reconstruction Project (CIP #T-0713): The project is in the Design Phase (Plans, Specifications and Estimates) and is 60% completed. (d) Greater Third Ward Neighborhood Project-Section A & B (CIP #T-0722): The projects are in the Design Phase (Plans, Specifications, and Estimates) and is 90% completed. The Authority has received a federal grant from Housing & Urban Development (HUD) for $1,428,571.00 to fund a portion of the project. (e) Live Oak Street Project (CIP #T-0724): The project is in the Design Phase (Plans, Specifications and Estimates) and is 90% completed. (f) Park at Palm Center-Phase IIA (CIP #T-0706): Plan, design and construct/install additional park and community garden amenities and upgrades including artistic gateways/entrances, restrooms, additional lighting, signage for this public park adjacent to METRORAIL Transit Station at Palm Center. The project is slated to begin construction improvements in July 2023. (g) Old Spanish Trail Mobility Improvements to MacGregor Park (CIP #T-0728), Griggs and MLK Corridor Improvement Project (CIP #T-0729), and Emancipation Avenue Reconstruction Project (CIP #T-0711A): The District Landscape Median Project will provide enhancements to medians at Southmore Boulevard from Emancipation Avenue to SH 288, Cullen Boulevard from Old Spanish Trail to Glen Cove Drive and Martin Luther King Boulevard from Griggs Road to Browncroft Street which will include landscaping, irrigation and new pavers. Construction is projected to begin September 2023. (h) Old Spanish Trail Mobility Improvements to MacGregor Park (CIP #T-0728): Design and construct resilient and sustainable access from Old Spanish Trail to MacGregor Park through a TXDOT Project involving Old Spanish Trail road work to enhance pedestrian connectivity into the park. Construction of enhanced medians to include landscaping, sidewalks, and the proposed hybrid beacon (HAWK) signal located at Belverdere Street. (i) Almeda Corridor Improvements - Phase IV (CIP #T-0718): The Public Parking Lots Project includes planning, design, and construction of improvements to three public parking lots owned by the Authority located in the Almeda Road Economic Corridor. Notice To Proceed was issued June 2023 for design development, final design through construction phase services. Projected date for construction to begin is December 2023. (j) North Houston Highway Improvement Project (NHHIP): Planning meetings were held with TXDOT and other stakeholders (City of Houston, Greater Southeast Management District, Midtown Redevelopment Authority, etc.) to determine options to enhance connectivity related to Section 3 highway improvements such as garden bridges and caps.

PROJECT PLAN

	Total Plan	Cumulative Expenses (to 6/30/22)	Variance
Capital Projects:			
Roadway, Sidewalk and Public Utility Improvements	$ 139,740,400	$ 28,897,921	$ 110,842,479
Cultural Parks, Greenways and Other Public Spaces	80,966,567	34,440,672	46,525,895
Public Facility Improvements & Public Parking	30,200,000	16,403,684	13,796,316
Land Assembly, Site Preparation, and Environmental Remediation	26,200,000	6,482,297	19,737,703
Business Development & Catalyst Projects	7,000,000	1,605	6,998,395
Total Capital Projects	$ 283,108,967	$ 85,206,379	$ 197,900,588
Economic Development Infrastructure Projects	$ 19,000,000	$ 2,304,110	16,695,890
Affordable Housing	3,500,000	-	3,500,000
School & Education/Cultural Facilities	26,260,451	20,309,179	5,951,272
Financing Costs	19,500,000	18,989,320	510,680
Administration Costs/ Professional Services	12,869,965	9,974,955	2,895,010
Creation Costs	-	-	-
Total Project Plan	$ 384,237,383	$ 136,783,943	$ 227,453,440

DEBT

Additional Financial Data	FY2023 Budget	FY2023 Estimate	FY2024 Budget
Debt Service	$ 4,649,075	$ 4,459,998	$ 4,650,200
Principal	$ 2,415,000	$ 2,415,000	$ 2,540,000
Interest	$ 2,234,075	$ 2,044,998	$ 2,110,200
	Balance as of 6/30/22	Projected Balance as of 6/30/23	Projected Balance as of 6/30/24
Year End Outstanding (Principal)			
Bond Debt	$ 55,085,000	$ 52,670,000	$ 50,130,000
Developer Agreement	$ -	$ -	$ -
Other	$ -	$ -	$ -

CITY OF HOUSTON
ECONOMIC DEVELOPMENT DIVISION
FISCAL YEAR 2024 BUDGET DETAIL

Fund Summary
Fund Name: OST/Almeda Corridors Redevelopment Authority
TIRZ: 07
Fund Number: 7555/50

TIRZ Budget Line Items	FY2023 Budget	FY2023 Estimate	FY2024 Budget
RESOURCES			
RESTRICTED Funds - Capital Projects	$ 84,166,210	$ 88,287,384	$ 82,340,037
RESTRICTED Funds - Bond Debt Service	$ 4,649,075	$ 4,649,120	$ 4,650,200
Beginning Balance	$ 88,815,285	$ 70,936,504	86,990,237
City tax revenue	$ 9,824,921	$ 9,734,807	$ 11,685,333
ISD tax revenue	$ 1,507,353	$ 1,403,552	$ 1,403,552
ISD tax revenue - Pass Through	$ -	$ -	$ -
Incremental property tax revenue	$ 11,332,274	$ 11,138,359	13,088,885
Miscellaneous	$ 128,652	$ -	$ -
Miscellaneous revenue	$ 128,652	$ -	$ -
Interest Income - City of Houston	$ -	$ -	$ -
Interest Income	$ 71,004	$ 900,000	$ 540,000
Other Interest Income	$ 71,004	$ 900,000	$ 540,000
City of Houston (include grants)	$ -		$ -
Grant Funds (include FTA, HUD donors)	$ -	$ -	$ -
Grant Proceeds	$ -	$ -	$ -
Bond Proceeds (Net)	$ -	$ -	$ -
Contract Revenue Bond Proceeds	$ -	$ -	$ -
TOTAL AVAILABLE RESOURCES	$ 80,347,215	82,974,863	80,619,122
EXPENDITURES			
Accounting	$ 20,000	$ 14,099	$ 20,000
Salaries, Contractors & Benefits	$ 974,000	$ 520,834	$ 893,254
Auditor	$ 16,200	$ 21,600	$ 43,200
Bond Services/Trustee/Financial Advisor	$ 15,000	$ 10,600	$ 15,000
Property Account Mgmnt	$ 20,000	$ 20,183	$ 24,000
Insurance	$ 10,000	$ 9,980	$ 13,000
Administration/Office Operations	$ 356,500	$ 109,658	$ 495,000
TIRZ Administration and Overhead	$ 1,111,700	806,954	$ 1,503,454
Legal	$ 115,000	$ 110,919	$ 115,000
Professional Services	$ 115,000	$ 110,919	$ 115,000
Total TIRZ Administration and Professional Services	$ 1,226,700	917,873	1,618,454
Capital Improvement Projects (See CIP Schedule)	$ 36,801,303	$ 8,439,989	$ 46,438,334
TIRZ Capital Expenditures	$ 36,801,303	8,439,989	46,438,334
Economic Development Programs	$ 2,000,000	$ -	$ 2,000,000
Developer Reimbursement	$ 50,000	$ -	$ -
Developer/Project Reimbursements	$ 2,050,000	-	2,000,000
New Bond Sale (Series 2019)			
Principal	$ 2,415,000	$ 2,415,000	$ 2,540,000
Interest	$ 2,234,075	$ 2,044,998	$ 2,110,200
System debt service	$ 4,649,075	4,459,998	4,650,200
TOTAL PROJECT COSTS	$ 46,727,078	13,817,560	54,704,988
Payment/transfer to ISD - educational facilities	$ 634,337	$ 634,337	$ 546,320
Payment/transfer to ISD - educational facilities (Pass Through)	$ -	$ -	$ -
Administration Fees:			
City	$ 491,246	$ 486,740	$ 584,287
ISD	$ 25,000	$ 25,000	$ 25,000
Municipal Services - Enhanced Public Safety Services	$ 150,000	$ 150,000	$ 150,000
Municipal Services Charge - City	$ 887,566	$ 870,989	$ 887,566
Total Transfers	$ 2,188,149	2,167,066	2,193,153
Total Budget	$ 48,915,227	15,984,626	56,898,141
RESTRICTED Funds - Capital Projects	$ 26,781,788	$ 82,340,037	$ 19,070,781
RESTRICTED Funds - Bond Debt Service	$ 4,650,200	$ 4,650,200	$ 4,650,200
Ending Fund Balance	$ 31,431,988	86,990,237	23,720,981
Total Budget & Ending Fund Balance	$ 80,347,215	$ 82,974,863	$ 80,619,122

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EXHIBIT B

Fiscal Years 2024-2028 Capital Improvement Projects Budget for Tax Increment Reinvestment Zone Number Seven (Old Spanish Trail/Almeda Corridors Zone)

Council District	CIP No.	Project	Fiscal Year Planned Appropriations								
			Through 2022	Estimate 2023	2024	2025	2026	2027	2028	FY24 - FY28 Total	Cumulative Total (To Date)
D	T-0706	Park @ Palm Center - Phase I & Phase II	$ 64,011	$ 11,786	$ 1,144,104	$ -	$ -	$ -	$ -	$ 1,144,104	$ 1,219,881
D	T-0710	Real Property Land Assembly & Site Preparation	$ 47,573	$ 77,211	$ 20,130	$ 22,110	$ 24,321	$ -	$ -	$ 66,561	$ 191,345
D	T-0711A	Emancipation Avenue Reconstruction Project	$ 442,843	$ 550,648	$ 8,800,000	$ 8,800,000	$ 8,800,000	$ 2,379,390	$ -	$ 28,779,390	$ 29,772,879
D	T-0712	Emancipation Park and Community Center Phase - III	$ 73,730	$ 4,677,970	$ 200,000	$ -	$ -	$ -	$ -	$ 200,000	$ 4,951,700
D	T-0713	Historic Holman Street Reconstruction Project	$ 57,501	$ 419,380	$ -	$ -	$ 6,600,000	$ 6,600,000	$ 6,600,000	$ 19,800,000	$ 20,276,881
D	T-0718	Almeda Corridor Improvements - Phase IV	$ 22,626	$ 1,587	$ 822,054	$ 50,000	$ 50,000	$ 50,000	$ 50,000	$ 1,022,054	$ 1,046,267
D	T-0722	Greater Third Ward Neighborhood Project Sections A& B	$ 1,837,578	$ 1,615,714	$ 23,499,674	$ 18,700,000	$ 2,233,880	$ -	$ -	$ 44,433,534	$ 47,886,826
D	T-0723	MacGregor Park and Tennis Center	$ -	$ 17,280	$ -	$ -	$ -	$ -	$ 500,000	$ 500,000	$ 517,280
D	T-0724	Live Oak Street Improvements Project	$ 518,318	$ 769,572	$ 11,000,000	$ 11,000,000	$ -	$ -	$ -	$ 22,000,000	$ 23,287,890
D	T-0728	Old Spanish Trail Mobility Improvements to MacGregor Park	$ 389	$ 229,815	$ -	$ -	$ -	$ -	$ -	$ -	$ 230,204
D	T-0729	Griggs and MLK Corridor Improvements Project	$ 200,247	$ 68,748	$ 900,372	$ -	$ -	$ -	$ -	$ 900,372	$ 1,169,367
D	T-0730	Garden Bridges and Clebume / Almeda Cap - NHHIP	$ -	$ -	$ 50,000	$ 50,000	$ 50,000	$ 50,000	$ 50,000	$ 250,000	$ 250,000
Totals			$ 3,264,816	$ 8,439,689	$ 48,436,334	$ 38,622,110	$ 17,758,181	$ 9,079,390	$ 7,200,000	$ 119,696,015	$ 130,300,520

Source of Funds	Fiscal Year Planned Appropriations								
	Through 2022	Estimate 2023	2024	2025	2026	2027	2028	FY24 - FY28 Total	Cumulative Total (To Date)
TIRZ Tax Increment Funds	408,576	406,407	11,736,660	8,922,110	16,597,430	9,079,390	7,200,000	53,535,590	54,350,573
TIRZ Bond Funds	2,856,240	8,033,282	34,699,674	28,271,429	1,160,751	-	-	64,131,854	75,021,376
City of Houston (includes grants)	-	-	-	-	-	-	-	-	-
Grants - Public (includes FTA & HUD)	-	-	-	1,428,571	-	-	-	1,428,571	1,428,571
Grants - Private Donors	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Project Total	**3,264,816**	**8,439,688**	**46,436,334**	**38,622,110**	**17,758,181**	**9,079,390**	**7,200,000**	**119,096,015**	**130,800,520**

Project:	**Park @ Palm Center - Phase I & Phase II**	**City Council District**		**Key Map:**	534	**WBS.:**	**T-0706**
		Location:	D	**Geo. Ref.:**			
		Served:	D	**Neighborhood:**	68		

Description: Plan, design and construct/install additional park and community garden amenities and upgrades including artistic gateways/entrances, restrooms, additional lighting and signage for this public park adjacent to METRORAIL Transit Station at Palm Center.

Justification: The park has no current formal entrance, no restroom and other amenities for park users. Improvements will increase visibility and accessibility of the park from the MetroRail and those that travel along Griggs Road or Beekman Street adjacent to Palm Center.

Operating and Maintenance Costs: ($ Thousands)

	2024	2025	2026	2027	2028	Total
Personnel	-	-	-	-	-	$ -
Supplies	-	-	-	-	-	$ -
Svcs. & Chgs.	-	-	-	-	-	$ -
Capital Outlay	-	-	-	-	-	$ -
Total	$ -	$ -	$ -	$ -	$ -	$ -
FTEs						-

Fiscal Year Planned Expenses

	Project Allocation	Actual Expenses thru 6/30/22	2023 Budget	2023 Estimate	2024	2025	2026	2027	2028	FY24 - FY28 Total	Cumulative Total (To Date)
	Phase										
1	Planning	-	10,000	-	-	-	-	-	-	$ -	$ -
2	Acquisition	-	-	-	-	-	-	-	-	$ -	$ 11,558
3	Design	-	50,000	11,558	-	-	-	-	-	$ -	$ -
4	Construction/Maintenance	64,011	1,000,000	-	1,045,154	-	-	-	-	$ 1,045,154	$ 1,109,165
5	Equipment	-	-	-	-	-	-	-	-	$ -	$ -
6	Close-Out	-	-	-	-	-	-	-	-	$ -	$ -
7	Other		15,000	208	98,950	-	-	-	-	$ 98,950	$ 99,158
		-	-	-	-	-	-	-	-	$ -	$ -
		-	-	-	-	-	-	-	-	$ -	$ -
	Other Sub-Total:	-	15,000	208	98,950	-	-	-	-	$ 98,950	$ 99,158
	Total Allocations	64,011	$ 1,075,000	11,766	1,144,104	$ -	$ -	$ -	$ -	$ 1,144,104	$ 1,219,881
	Source of Funds										
	TIRZ Tax Increment Funds	64,011	1,075,000	11,766	1,144,104	-	-	-	-	$ 1,144,104	$ 1,219,881
	TIRZ Bond Funds	-	-	-	-	-	-	-	-	$ -	$ -
	City of Houston (include grants to COH)	-	-	-	-	-	-	-	-	$ -	$ -
	Grants - Public (includes FTA)	-	-	-	-	-	-	-	-	$ -	$ -
	Grants - Private Donors	-	-	-	-	-	-	-	-	$ -	$ -
	Other	-	-	-	-	-	-	-	-	$ -	$ -
	Total Funds	$ 64,011	$ 1,075,000	$ 11,766	$ 1,144,104	$ -	$ -	$ -	$ -	$ 1,144,104	$ 1,219,881

Project:	Real Property Land Assembly & Site Preparation	City Council District		Key Map:	493, 494, 533 & 534	WBS.:	T-0710
		Location:	D	Geo. Ref.:			
		Served:	D	Neighborhood:	66, 67, 68 & 83		

Description:	Acquisition, remediation, and site preparation of land for general redevelopment, public, cultural and recreational facilities including adequate parking.
Justification:	Acquisition, site preparation and sale of property is needed to accomplish planned improvements at strategic locations will further enhance the business and economic opportunities, quality of life for residents, and to support increased tourism.

Operating and Maintenance Costs: ($ Thousands)

	2024	2025	2026	2027	2028	Total
Personnel	-	-	-	-	-	$ -
Supplies	-	-	-	-	-	$ -
Svcs. & Chgs.	-	-	-	-	-	$ -
Capital Outlay	-	-	-	-	-	$ -
Total	$ -	$ -	$ -	$ -	$ -	$ -
FTEs						-

Fiscal Year Planned Expenses

	Project Allocation	Actual Expenses thru 6/30/22	2023 Budget	2023 Estimate	2024	2025	2026	2027	2028	FY24 - FY28 Total	Cumulative Total (To Date)
	Phase										
1	Planning	-	10,000	-	-	-	-	-	-	$ -	$ -
2	Acquisition	-	167,000	-	-	-	-	-	-	$ -	$ -
3	Design	-	-	-	-	-	-	-	-	$ -	$ -
4	Construction/Maintenance	47,573	-	75,843	18,300	20,100	22,110	-	-	$ 60,510	$ 183,926
5	Equipment	-		-	-	-	-	-	-	$ -	$ -
6	Close-Out	-		-	-	-	-	-	-	$ -	$ -
7	Other	-	83,000	1,368	1,830	2,010	2,211	-	-	$ 6,051	$ 7,419
		-	-	-	-	-	-	-	-	$ -	$ -
		-	-	-	-	-	-	-	-	$ -	$ -
	Other Sub-Total:	-	83,000	1,368	1,830	2,010	2,211	-	-	$ 6,051	$ 7,419
	Total Allocations	47,573	$ 260,000	77,211	20,130	$ 22,110	$ 24,321	$ -	$ -	$ 66,561	$ 191,345
	Source of Funds										
	TIRZ Tax Increment Funds	47,573	260,000	77,211	20,130	22,110	24,321	-	-	$ 66,561	$ 191,345
	TIRZ Bond Funds	-		-	-	-	-	-	-	$ -	$ -
	City of Houston (include grants to COH	-	-	-	-	-	-	-	-	$ -	$ -
	Grants - Public (includes FTA)	-	-	-	-	-	-	-	-	$ -	$ -
	Grants - Private Donors	-	-	-	-	-	-	-	-	$ -	$ -
	Other	-	-	-	-	-	-	-	-	$ -	$ -
	Total Funds	$ 47,573	$ 260,000	$ 77,211	$ 20,130	$ 22,110	$ 24,321	$ -	$ -	$ 66,561	$ 191,345

Project:	Emancipation Avenue Reconstruction Project	City Council District		Key Map:	493 & 533	WBS.:	T-0711A
		Location:	D	Geo. Ref.:			
		Served:	D	Neighborhood:	68 & 83		

Description: Design and construct resilient and sustainable improvements to Emancipation Ave, from Southmore to Elgin and McGowen to Pierce to included new pavement, reinforced concrete curbs and gutters, driveways, enhanced street lights, special landscaping and streetscape (historical/cultural markers, pedestrian lights, benches, etc.), waterline, drainage, sanitary, traffic signals, crosswalk striping, minimum 6' ADA sidewalks, wheelchair ramps and multi-modal components shall be added to promote pedestrian/multi-modal activity along the corridor. Wesley Chapel AME Church site and adjacent property planning related to conceptual design related to the site.

Justification: The project facilitates upgrade to the roadway, utilities, and the pedestrian realm that is currently in poor condition. Reconstruction of the corridor, formerly the "downtown" of the Historic Third Ward, incorporating Walkable Places and Texas Historical Commission's designation as the first urban Main Street will stimulate more business and economic activity in the area.

Operating and Maintenance Costs: ($ Thousands)

	2024	2025	2026	2027	2028	Total
Personnel	-	-	-	-	-	$ -
Supplies	-	-	-	-	-	$ -
Svcs. & Chgs.	-	-	-	-	-	$ -
Capital Outlay	-	-	-	-	-	$ -
Total	$ -	$ -	$ -	$ -	$ -	$ -
FTEs						-

Fiscal Year Planned Expenses

	Project Allocation	Actual Expenses thru 6/30/22	2023 Budget	2023 Estimate	2024	2025	2026	2027	2028	FY24 - FY28 Total	Cumulative Total (To Date)
	Phase										
1	Planning	-	-	-	-	-	-	-	-	$ -	$ -
2	Acquisition	-	-	-	-	-	-	-	-	$ -	$ -
3	Design	442,843	1,500,000	540,893	-	-	-	-	-	$ -	$ 983,736
4	Construction/Maintenance	-	15,171,765	-	8,000,000	8,000,000	8,000,000	2,163,082	-	$ 26,163,082	$ 26,163,082
5	Equipment	-	-	-	-	-	-	-	-	$ -	$ -
6	Close-Out	-	-	-	-	-	-	-	-	$ -	$ -
7	Other		30,000	9,753	800,000	800,000	800,000	216,308	-	$ 2,616,308	$ 2,626,061
		-	-	-	-	-	-	-	-	$ -	$ -
		-	-	-	-	-	-	-	-	$ -	$ -
	Other Sub-Total:	-	30,000	9,753	800,000	800,000	800,000	216,308	-	$ 2,616,308	$ 2,626,061
	Total Allocations	$ 442,843	$ 16,701,765	550,646	8,800,000	$ 8,800,000	$ 8,800,000	$ 2,379,390	$ -	$ 28,779,390	$ 29,772,879
	Source of Funds										
	TIRZ Tax Increment Funds	-	-	-	8,800,000	8,800,000	8,800,000	2,379,390	-	$ 28,779,390	$ 28,779,390
	TIRZ Bond Funds	442,843	16,701,765	550,646	-	-	-	-	-	$ -	$ 993,489
	City of Houston (include grants to COH)	-	-	-	-	-	-	-	-	$ -	$ -
	Grants - Public (includes FTA)	-	-	-	-	-	-	-	-	$ -	$ -
	Grants - Private Donors	-	-	-	-	-	-	-	-	$ -	$ -
	Other	-	-	-	-	-	-	-	-	$ -	$ -
	Total Funds	$ 442,843	$ 16,701,765	550,646	8,800,000	$ 8,800,000	$ 8,800,000	$ 2,379,390	$ -	$ 28,779,390	$ 29,772,879

Project:	Emancipation Park and Community Center Phase - III	City Council District		Key Map:	493	WBS.:	T-0712
		Location:	D	Geo. Ref.:			
		Served:	D	Neighborhood:	67		

Description: Planning and Pre-design of future improvements to the park.

Justification: Project will artistically display history of the park , serve the immediate neighborhood and be a designation for local, state, national and international visitors. The garage will serve park patrons, as well as retail and commercial businesses in the Emancipation Avenue corridor. Upgraded park improvements will provide a well-maintained, sustainable and resilient park.

Operating and Maintenance Costs: ($ Thousands)

	2024	2025	2026	2027	2028	Total
Personnel	-	-	-	-	-	$ -
Supplies	-	-	-	-	-	$ -
Svcs. & Chgs.						$ -
Capital Outlay	-	-	-	-	-	$ -
Total	$ -	$ -	$ -	$ -	$ -	$ -
FTEs						-

Fiscal Year Planned Expenses

Project Allocation	Actual Expenses thru 6/30/22	2023 Budget	2023 Estimate	2024	2025	2026	2027	2028	FY24 - FY28 Total	Cumulative Total (To Date)
Phase										
1 Planning	-	-	-	100,000	-	-	-	-	$ 100,000	$ 100,000
2 Acquisition	-	-	-	-	-	-	-	-	$ -	$ -
3 Design	698	350,000	-	100,000	-	-	-	-	$ 100,000	$ 100,698
4 Construction/Maintenance	61,086	-	4,471,803	-	-	-	-	-	$ -	$ 4,532,889
5 Equipment	-		-	-	-	-	-	-	$ -	$ -
6 Close-Out	-	-	-	-	-	-	-	-	$ -	$ -
7 Other	11,946	15,000	206,167	-	-	-	-	-	$ -	$ 218,113
	-	-		-	-	-	-	-	$ -	$ -
	-	-		-	-	-	-	-	$ -	$ -
Other Sub-Total:	11,946	15,000	206,167	-	-	-	-	-	$ -	$ 218,113
Total Allocations	73,730	$ 365,000	4,677,970	200,000	$ -	$ -	$ -	$ -	$ 200,000	$ 4,951,700
Source of Funds										
TIRZ Tax Increment Funds	73,730	365,000	4,677,970	200,000	-	-	-	-	$ 200,000	$ 4,951,700
TIRZ Bond Funds	-	-	-	-	-	-	-	-	$ -	$ -
City of Houston (include grants to COH)	-	-	-	-	-	-	-	-	$ -	$ -
Grants - Public (includes FTA)	-	-	-	-	-	-	-	-	$ -	$ -
Grants - Private Donors		-	-	-	-	-	-	-	$ -	$ -
Other	-	-	-	-	-	-	-	-	$ -	$ -
Total Funds	$ 73,730	$ 365,000	$ 4,677,970	$ 200,000	$ -	$ -	$ -	$ -	$ 200,000	$ 4,951,700

Project:	Historic Holman Street Reconstruction Project	City Council District		Key Map:	493	WBS.:	T-0713
		Location:	D	Geo. Ref.:			
		Served:	D	Neighborhood:			

Description: Design and construct resilient and sustainable improvements to Holman St. from St. Emanuel St. to Scott St.; including new pavement, reinforced concrete curbs and gutters, driveways, enhanced street lights, special landscaping and streetscape (historical/cultural markers, pedestrian lights, benches, trashcans, etc.), waterline, drainage, sanitary, traffic signals, crosswalk striping, minimum 6' ADA sidewalks, wheelchair ramps and multi-modal components shall be added to promote pedestrian/multi-modal activity along the corridor. As an alternative if the entire project limits (St. Emanuel to Scott) is not approved and funded for construction a bad drainage section also identified by City of Houston of Holman (St. Emanuel and Velasco Streets) may be constructed as a segmented option.

Justification: Roadway, utilities and sidewalks are in poor condition. This project will implement the goal of building great streets and provide connectivity to destinations along Holman and within historic Third Ward.

Operating and Maintenance Costs: ($ Thousands)

	2024	2025	2026	2027	2028	Total
Personnel	-	-	-	-	-	$ -
Supplies	-	-	-	-	-	$ -
Svcs. & Chgs.	-	-	-	-	-	$ -
Capital Outlay	-	-	-	-	-	$ -
Total	$ -	$ -	$ -	$ -	$ -	$ -
FTEs						-

Fiscal Year Planned Expenses

Project Allocation	Actual Expenses thru 6/30/22	2023 Budget	2023 Estimate	2024	2025	2026	2027	2028	FY24 - FY28 Total	Cumulative Total (To Date)
Phase										
1 Planning	-	-	-	-	-	-	-	-	$ -	$ -
2 Acquisition	-	-	-	-	-	-	-	-	$ -	$ -
3 Design	39,433	1,100,000	411,952		-	-	-	-	$ -	$ 451,385
4 Construction/Maintenance		8,580,000	-			6,000,000	6,000,000	6,000,000	$ 18,000,000	$ 18,000,000
5 Equipment	-	-	-			-	-	-	$ -	$ -
6 Close-Out	-	-	-						$ -	$ -
7 Other	18,068	30,000	7,428			600,000	600,000	600,000	$ 1,800,000	$ 1,825,496
	-	-	-					-	$ -	$ -
	-	-	-	-	-	-	-	-	$ -	$ -
Other Sub-Total:	18,068	30,000	7,428	-	-	600,000	600,000	600,000	$ 1,800,000	$ 1,825,496
Total Allocations	57,501	$ 9,710,000	419,380	-	$ -	$ 6,600,000	$ 6,600,000	$ 6,600,000	$ 19,800,000	$ 20,276,881
Source of Funds										
TIRZ Tax Increment Funds	-	-	-	-	-	6,600,000	6,600,000	6,600,000	$ 19,800,000	$ 19,800,000
TIRZ Bond Funds	57,501	9,710,000	419,380	-	-	-		-	$ -	$ 476,881
City of Houston (include grants to C	-	-	-	-	-	-	-	-	$ -	$ -
Grants - Public (includes FTA)	-	-	-	-	-	-	-	-	$ -	$ -
Grants - Private Donors	-	-	-	-	-	-			$ -	$ -
Other	-	-	-	-	-	-	-	-	$ -	$ -
Total Funds	$ 57,501	$ 9,710,000	$ 419,380	$ -	$ -	$ 6,600,000	$ 6,600,000	$ 6,600,000	$ 19,800,000	$ 20,276,881

Project:	Almeda Corridor Improvements - Phase IV	City Council District		Key Map:	493 & 533	WBS.:	T-0718
		Location:	D	Geo. Ref.:			
		Served:	D	Neighborhood:	66 & 67		

Description: Plan, design, construct/install pedestrian amenities (benches, trashcans, public art, etc.), decorative pedestrian lights, upgrade public parking lots involving signage, streetscape enhancements including sidewalk improvements with landscaping along Almeda from IH69 to Binz creating a walkable place with multi-modal connectivity along Almeda to Brays Bayou. Planning to connect to the TXDOT North Houston Highway Improvement Project.

Justification: Improvements to the public parking lots and installation of pedestrian improvements on the Almeda Corridor will provide safe parking options and enhance the pedestrian realm along a major corridor. Almeda Corridor improvements will support the overall redevelopment of the area and promote business and economic development.

Operating and Maintenance Costs: ($ Thousands)

	2024	2025	2026	2027	2028	Total
Personnel	-	-	-	-	-	$ -
Supplies	-	-	-	-	-	$ -
Svcs. & Chgs.	-	-	-	-	-	$ -
Capital Outlay	-	-	-	-	-	$ -
Total	$ -	$ -	$ -	$ -	$ -	$ -
FTEs						-

Fiscal Year Planned Expenses

	Project Allocation	Actual Expenses thru 6/30/22	2023 Budget	2023 Estimate	2024	2025	2026	2027	2028	FY24 - FY28 Total	Cumulative Total (To Date)
	Phase										
1	Planning	22,626	200,000	-	-	50,000	50,000	50,000	50,000	$ 200,000	$ 222,626
2	Acquisition	-	-	-	-	-	-	-	-	$ -	$ -
3	Design	-	220,000	1,559	55,826			-	-	$ 55,826	$ 57,385
4	Construction/Maintenance	-	-	-	660,541			-	-	$ 660,541	$ 660,541
5	Equipment	-	-	-			-	-	-	$ -	$ -
6	Close-Out	-	-	-			-	-	-	$ -	$ -
7	Other		10,000	28	105,687			-	-	$ 105,687	$ 105,715
		-	-	-		-	-	-	-	$ -	$ -
		-	-	-	-	-	-	-	-	$ -	$ -
	Other Sub-Total:	-	10,000	28	105,687	-	-	-	-	$ 105,687	$ 105,715
	Total Allocations	22,626	$ 430,000	$ 1,587	822,054	50,000	$ 50,000	$ 50,000	$ 50,000	$ 1,022,054	$ 1,046,267
	Source of Funds										
	TIRZ Tax Increment Funds	22,626	430,000	1,587	822,054	50,000	50,000	50,000	50,000	$ 1,022,054	$ 1,046,267
	TIRZ Bond Funds	-	-	-	-	-	-	-	-	$ -	$ -
	City of Houston (include grants to COH)	-	-	-	-	-	-	-	-	$ -	$ -
	Grants - Public (includes FTA)	-	-	-	-	-	-	-	-	$ -	$ -
	Grants - Private Donors	-	-	-	-	-	-	-	-	$ -	$ -
	Other	-	-	-	-	-	-	-	-	$ -	$ -
	Total Funds	$ 22,626	$ 430,000	$ 1,587	$ 822,054	$ 50,000	$ 50,000	$ 50,000	$ 50,000	$ 1,022,054	$ 1,046,267

Project:	Greater Third Ward Neighborhood Project Sections A& B	City Council District		Key Map:	493	WBS.:	T-0722
		Location:	D	Geo. Ref.:			
		Served:	D	Neighborhood:			

Description: Design and construct/install resilient and sustainable improvements to streets and the pedestrian realm within the historic Third Wa area. Construction of pavement, reinforced concrete curb and gutter, minimum 5' ADA sidewalks, wheelchair ramps, driveways, special landscaping, public utilities, historic/cultural elements, enhanced street and pedestrian lighting. In Section A the Authority is anticipating to receive $ 1,428,771.00 in Grant funding for enhancements specifically for McGowan (Between Delano Street & Emanuel Street) and Grey Street (Between Ennis and St. Emanuel). In Section B according to recent hydraulic modeling findings b City of Houston the worst drainage areas were identified on Tuam (Between Saur and Hutchins Streets).

Justification: Adequate infrastructure and public realm improvements will increase multi-modal transit opportunities for retail/commercial development. Street segments, public utilities and sidewalks are in poor condition in residential areas adjacent to major activity centers.

Operating and Maintenance Costs: ($ Thousands)

	2024	2025	2026	2027	2028	Total
Personnel	-	-	-	-	-	$ -
Supplies	-	-	-	-	-	$ -
Svcs. & Chgs.	-	-	-	-	-	$ -
Capital Outlay	-	-	-	-	-	$ -
Total	$ -	$ -	$ -	$ -	$ -	$ -
FTEs						-

Fiscal Year Planned Expenses

Project Allocation	Actual Expenses thru 6/30/22	2023 Budget	2023 Estimate	2024	2025	2026	2027	2028	FY24 - FY28 Total	Cumulative Total (To Date)
Phase										
1 Planning	-	-	-	-	-	-	-	-	$ -	$ -
2 Acquisition	-	-	-	-	-	-	-	-	$ -	$ -
3 Design	784,931	-	1,587,096	-	-	-	-	-	$ -	$ 2,372,027
4 Construction/Maintenance	-	-		21,363,340	17,000,000	2,030,782	-	-	$ 40,394,122	$ 40,394,122
5 Equipment	-	-	-	-		-	-	-	$ -	$ -
6 Close-Out	-	-	-			-	-	-	$ -	$ -
7 Other	1,052,647	100,000	28,618	2,136,334	1,700,000	203,078		-	$ 4,039,412	$ 5,120,677
	-	-	-			-	-	-	$ -	$ -
	-	-		-	-	-	-	-	$ -	$ -
Other Sub-Total:	1,052,647	100,000	28,618	2,136,334	1,700,000	203,078	-	-	$ 4,039,412	$ 5,120,677
Total Allocations	1,837,578	$ 100,000	1,615,714	23,499,674	$ 18,700,000	$ 2,233,860	$ -	$ -	$ 44,433,534	$ 47,886,826
Source of Funds										
TIRZ Tax Increment Funds	-	100,000	-	-	-	1,073,109	-	-	$ 1,073,109	$ 1,073,109
TIRZ Bond Funds	1,837,578	-	1,615,714	23,499,674	17,271,429	1,160,751	-	-	$ 41,931,854	$ 45,385,146
City of Houston (include grants to COH)	-	-	-	-		-	-	-	$ -	$ -
Grants - Public (includes FTA & HUD)		-			1,428,571	-	-	-	$ 1,428,571	$ 1,428,571
Grants - Private Donors	-	-	-	-	-	-	-	-	$ -	$ -
Other	-	-	-	-	-	-	-	-	$ -	$ -
Total Funds	$ 1,837,578	$ 100,000	$ 1,615,714	$ 23,499,674	$ 18,700,000	$ 2,233,860	$ -	$ -	$ 44,433,534	$ 47,886,826

Project:	MacGregor Park and Tennis Center	City Council District	Key Map:	534	WBS.:	T-0723
		Location: D	Geo. Ref.:			
		Served: D	Neighborhood:	68		

Description: To provide $4,000,000.00 in funding to support construction of improvements for access to and from Old Spanish Trail into MacGregor Park.

Justification: To support the redevelopment of the park to stimulate the growth and development of the Old Spanish Trail economic development corridor, the University of Houston Medical School, the Southeast MetroRail Line on Martin Luther King Blvd. including expansion efforts to Hobby Airport, and Greater Southeast Management District's efforts to improve multi-modal connectivity within Houston Southeast.

Operating and Maintenance Costs: ($ Thousands)

	2024	2025	2026	2027	2028	Total
Personnel	-	-	-	-	-	$ -
Supplies	-	-	-	-	-	$ -
Svcs. & Chgs.	-	-	-	-	-	$ -
Capital Outlay	-	-	-	-	-	$ -
Total	$ -	$ -	$ -	$ -	$ -	$ -
FTEs						-

Fiscal Year Planned Expenses

Project Allocation		Actual Expenses thru 6/30/22	2023 Budget	2023 Estimate	2024	2025	2026	2027	2028	FY24 - FY28 Total	Cumulative Total (To Date)
Phase											
1	Planning	-	200,000	-				-	-	$ -	$ -
2	Acquisition	-	-	-	-	-	-	-	-	$ -	$ -
3	Design	-	-	16,974				-		$ -	$ 16,974
4	Construction/Maintenance	-	-	-	-	-			500,000	$ 500,000	$ 500,000
5	Equipment	-	-	-	-	-	-	-	-	$ -	$ -
6	Close-Out	-	-	-	-	-	-	-	-	$ -	$ -
7	Other	-	10,000	306				-	-	$ -	$ 306
		-	-	-	-	-	-	-	-	$ -	$ -
		-	-		-	-	-	-	-	$ -	$ -
Other Sub-Total:		-	10,000	306	-	-	-	-	-	$ -	$ 306
Total Allocations		-	$ 210,000	$ 17,280	$ -	$ -	$ -	$ -	$ 500,000	$ 500,000	$ 517,280
Source of Funds											
TIRZ Tax Increment Funds		-	210,000	17,280	-	-	-	-	500,000	$ 500,000	$ 517,280
TIRZ Bond Funds		-	-	-	-	-	-	-	-	$ -	$ -
City of Houston (include grants to C		-	-	-	-	-	-	-	-	$ -	$ -
Grants - Public (includes FTA)		-	-	-	-	-	-	-	-	$ -	$ -
Grants - Private Donors		-	-	-	-	-	-	-	-	$ -	$ -
Other		-	-	-	-	-	-	-	-	$ -	$ -
Total Funds		$ -	$ 210,000	$ 17,280	$ -	$ -	$ -	$ -	$ 500,000	$ 500,000	$ 517,280

Project:	Live Oak Street Improvements Project	City Council District		Key Map:	493	WBS.:	T-0724
		Location:	D	Geo. Ref.:			
		Served:	D	Neighborhood:			

Description: Design and construct resilient and sustainable improvements to Live Oak St. from Pierce to Truxillo Construction of pavement, reinforced concrete curb and gutter, enhanced street lighting, minimum 6' ADA sidewalks, wheelchair ramps, special landscaping and streetscape (historical/cultural markers, pedestrian lights, benches, trashcans, etc.)

Justification: Roadway, utilities and sidewalks are in poor condition. These improvements will also enhance neighborhood vitality, the visual image of the City's neighborhoods and improve its livability and economic development. Improvement of area streets is a mobility and infrastructure goal in the Third Ward Complete Communities Action Plan.

Operating and Maintenance Costs: ($ Thousands)

	2024	2025	2026	2027	2028	Total
Personnel	-	-	-	-	-	$ -
Supplies	-	-	-	-	-	$ -
Svcs. & Chgs.	-	-	-	-	-	$ -
Capital Outlay	-	-	-	-	-	$ -
Total	$ -	$ -	$ -	$ -	$ -	$ -
FTEs						-

Fiscal Year Planned Expenses

Project Allocation	Actual Expenses thru 6/30/22	2023 Budget	2023 Estimate	2024	2025	2026	2027	2028	FY24 - FY28 Total	Cumulative Total (To Date)
Phase										
1 Planning	-	-	-	-	-	-	-	-	$ -	$ -
2 Acquisition	-	-	-	-	-	-	-	-	$ -	$ -
3 Design	501,738	-	755,941	-	-	-	-	-	$ -	$ 1,257,679
4 Construction/Maintenance	-	8,925,338	-	10,000,000	10,000,000	-	-	-	$ 20,000,000	$ 20,000,000
5 Equipment	-	-	-	-	-	-	-	-	$ -	$ -
6 Close-Out	-	-	-	-	-	-	-	-	$ -	$ -
7 Other	16,580	35,000	13,631	1,000,000	1,000,000	-	-	-	$ 2,000,000	$ 2,030,211
	-	-	-	-	-	-	-	-	$ -	$ -
	-	-	-	-	-	-	-	-	$ -	$ -
Other Sub-Total:	16,580	35,000	13,631	1,000,000	1,000,000	-	-	-	$ 2,000,000	$ 2,030,211
Total Allocations	$ 518,318	$ 8,960,338	$ 769,572	$ 11,000,000	$ 11,000,000	$ -	$ -	$ -	$ 22,000,000	$ 23,287,890
Source of Funds										
TIRZ Tax Increment Funds	-	-	-	-	-	-	-	-	$ -	$ -
TIRZ Bond Funds	518,318	8,960,338	769,572	11,000,000	11,000,000	-	-	-	$ 22,000,000	$ 23,287,890
City of Houston (include grants to CO	-	-	-	-	-	-	-	-	$ -	$ -
Grants - Public (includes FTA)	-	-	-	-	-	-	-	-	$ -	$ -
Grants - Private Donors	-	-	-	-	-	-	-	-	$ -	$ -
Other	-	-	-	-	-	-	-	-	$ -	$ -
Total Funds	$ 518,318	$ 8,960,338	$ 769,572	$ 11,000,000	$ 11,000,000	$ -	$ -	$ -	$ 22,000,000	$ 23,287,890

Project:	Old Spanish Trail Mobility Improvements to MacGregor Park	City Council District		Key Map:	534	WBS.:	T-0728
		Location:	D	Geo. Ref.:			
		Served:	D	Neighborhood:	68		

Description: Design and construct resilient and sustainable access from Old Spanish Trail to MacGregor Park through a TXDOT Project involving Old Spanish Trail road work to enhance pedestrian connectivity into the park. Construction of enhanced medians to include landscaping, sidewalks, and the proposed hybrid beacon (HAWK) signal located at Belverdere Street.

Justification: Improve pedestrian and cyclist accessibility and safety. The improvements will utilize traffic mitigation countermeasures like esplanades, diverters and trees. Improvements in the section will facilitate access to the park, METRO transit center, the University of Houston Medical School and businesses along Old Spanish Trail. There is currently no safe pedestrian or cyclist entry into the park.

Operating and Maintenance Costs: ($ Thousands)

	2024	2025	2026	2027	2028	Total
Personnel	-	-	-	-	-	$ -
Supplies	-	-	-	-	-	$ -
Svcs. & Chgs.	-	-	-	-	-	$ -
Capital Outlay	-	-	-	-	-	$ -
Total	$ -	$ -	$ -	$ -	$ -	$ -
FTEs						-

Fiscal Year Planned Expenses

Project Allocation		Actual Expenses thru 6/30/22	2023 Budget	2023 Estimate	2024	2025	2026	2027	2028	FY24 - FY28 Total	Cumulative Total (To Date)
Phase											
1	Planning	-	200,000	-	-	-	-	-	-	$ -	$ -
2	Acquisition	-	-	-	-	-	-	-	-	$ -	$ -
3	Design	-	-	225,744	-	-	-	-	-	$ -	$ 225,744
4	Construction/Maintenance	-	136,500	-	-	-	-	-	-	$ -	$ -
5	Equipment	-	-	-	-	-	-	-	-	$ -	$ -
6	Close-Out	-	-	-	-	-	-	-	-	$ -	$ -
7	Other	389	10,000	4,071	-	-	-	-	-	$ -	$ 4,460
		-	-	-	-	-	-	-	-	$ -	$ -
		-	-	-	-	-	-	-	-	$ -	$ -
Other Sub-Total:		389	10,000	4,071	-	-	-	-	-	$ -	$ 4,460
Total Allocations		389	$ 346,500	$ 229,815	$ -	$ -	$ -	$ -	$ -	$ -	$ 230,204
Source of Funds											
TIRZ Tax Increment Funds		389	264,750	229,815	-		-	-	-	$ -	$ 230,204
TIRZ Bond Funds		-	-	-	-	-	-	-	-	$ -	$ -
City of Houston (include grants to C		-	-	-	-	-	-	-	-	$ -	$ -
Grants - Public (includes FTA)		-	-	-	-		-	-	-	$ -	$ -
Grants - Private Donors		-	-	-	-	-	-	-	-	$ -	$ -
Other		-	81,750	-	-	-	-	-	-	$ -	$ -
Total Funds		$ 389	$ 346,500	$ 229,815	$ -	$ -	$ -	$ -	$ -	$ -	$ 230,204

Project:	Griggs and MLK Corridor Improvements Project	City Council District		Key Map:	493, 533	WBS.:	T-0729
		Location:	D	Geo. Ref.:			
		Served:	D	Neighborhood:			

Description:	Plan, design and construct resilient and sustainable improvements to Griggs from Calhoun to Mykawa for safe multi-modal access in the area and to promote business and economic development along the corridors. Improvements to include 6' ADA sidewalks, wheelchair ramps, streetscape/landscape and enhanced lighting.
Justification:	Traffic and pedestrian safety, mobility, infrastructure, and pedestrian improvements to create comfortable and safe corridors that accommodate growing mobility and infrastructure demands. Improving access and multi-modal transit opportunities are critical components to business and economic development. Current roadway, utilities and sidewalks conditions are poor.

Operating and Maintenance Costs: ($ Thousands)

	2024	2025	2026	2027	2028	Total
Personnel	-	-	-	-	-	$ -
Supplies	-	-	-	-	-	$ -
Svcs. & Chgs.	-	-	-	-	-	$ -
Capital Outlay	-	-	-	-	-	$ -
Total	$ -	$ -	$ -	$ -	$ -	$ -
FTEs						-

Fiscal Year Planned Expenses

Project Allocation		Actual Expenses thru 6/30/22	2023 Budget	2023 Estimate	2024	2025	2026	2027	2028	FY24 - FY28 Total	Cumulative Total (To Date)
Phase											
1	Planning	-	92,500	-						$ -	$ -
2	Acquisition	-	-	-	-	-	-	-	-	$ -	$ -
3	Design	186,020	-	67,530		-	-	-	-	$ -	$ 253,550
4	Construction/Maintenance	-	320,200	-	818,520	-	-	-	-	$ 818,520	$ 818,520
5	Equipment	-	-	-	-	-	-	-	-	$ -	$ -
6	Close-Out	-	-	-	-	-	-	-	-	$ -	$ -
7	Other	14,227	15,000	1,218	81,852					$ 81,852	$ 97,297
		-	-	-	-	-	-	-	-	$ -	$ -
		-	-	-	-	-	-	-	-	$ -	$ -
Other Sub-Total:		14,227	15,000	1,218	81,852	-	-	-	-	$ 81,852	$ 97,297
Total Allocations		$ 200,247	$ 427,700	$ 68,748	$ 900,372	$ -	$ -	$ -	$ -	$ 900,372	$ 1,169,367
Source of Funds											
TIRZ Tax Increment Funds		200,247	427,700	68,748	900,372	-	-	-	-	$ 900,372	$ 1,169,367
TIRZ Bond Funds		-	-	-	-	-	-	-	-	$ -	$ -
City of Houston (include grants to C		-	-	-	-	-	-	-	-	$ -	$ -
Grants - Public (includes FTA)		-	-	-	-	-	-	-	-	$ -	$ -
Grants - Private Donors		-	-	-	-	-	-	-	-	$ -	$ -
Other		-	-	-	-	-	-	-	-	$ -	$ -
Total Funds		$ 200,247	$ 427,700	$ 68,748	$ 900,372	$ -	$ -	$ -	$ -	$ 900,372	$ 1,169,367

Project:	Garden Bridges and Cleburne / Almeda Cap - NHHIP	City Council District		Key Map:		WBS.:	T-0730
		Location:	D	Geo. Ref.:			
		Served:	D	Neighborhood:			

Description: TxDOT proposes to construct three Garden Bridges at McGowan, Elgin and Tuam and the Cleburne/Almeda Cap for Segment 3 as part of the NHHIP project which reconstructs portions of I-10, I-45, I-69, and SH-288 around downtown Houston. TxDOT will be installing enhanced bridge lighting, better pedestrian crossings and shade enhancements for foot traffic.

Justification: Segment 3 will provide improved general safety on the bridges, features, add to increased pedestrian crossibility on the bridges themselves, and ultimately allow for better connectivity for the surrounding community.

Operating and Maintenance Costs: ($ Thousands)

	for pedestrian foot	2025	2026	2027	2028	Total
Personnel	-	-	-	-	-	$ -
Supplies	-	-	-	-	-	$ -
Svcs. & Chgs.	-	-	-	-	-	$ -
Capital Outlay	-	-	-	-	-	$ -
Total	$ -	$ -	$ -	$ -	$ -	$ -
FTEs						-

Fiscal Year Planned Expenses

	Project Allocation	Actual Expenses thru 6/30/22	2023 Budget	2023 Estimate	2024	2025	2026	2027	2028	FY24 - FY28 Total	Cumulative Total (To Date)
	Phase										
1	Planning	-	-	-	50,000	50,000	50,000	50,000	50,000	$ 250,000	$ 250,000
2	Acquisition	-	-	-	-	-	-	-	-	$ -	$ -
3	Design	-	-	-	-	-	-	-	-	$ -	$ -
4	Construction/Maintenance	-	-	-	-			-	-	$ -	$ -
5	Equipment	-	-	-	-	-	-	-	-	$ -	$ -
6	Close-Out	-	-	-	-	-	-	-	-	$ -	$ -
7	Other	-	-	-	-	-	-	-	-	$ -	$ -
		-	-	-	-	-	-	-	-	$ -	$ -
		-	-	-	-	-	-	-	-	$ -	$ -
	Other Sub-Total:	-	-	-	-	-	-	-	-	$ -	$ -
	Total Allocations	$ -	$ -	$ -	$ 50,000	$ 50,000	$ 50,000	$ 50,000	$ 50,000	$ 250,000	$ 250,000
	Source of Funds										
	TIRZ Tax Increment Funds	-	-	-	50,000	50,000	50,000	50,000	50,000	$ 250,000	$ 250,000
	TIRZ Bond Funds	-	-	-	-	-	-	-	-	$ -	$ -
	City of Houston (include grants to COH	-	-	-	-	-	-	-	-	$ -	$ -
	Grants - Public (includes FTA)	-	-	-	-	-	-	-	-	$ -	$ -
	Grants - Private Donors	-	-	-	-	-	-	-	-	$ -	$ -
	Other	-	-	-	-	-	-	-	-	$ -	$ -
	Total Funds	$ -	$ -	$ -	$ 50,000	$ 50,000	$ 50,000	$ 50,000	$ 50,000	$ 250,000	$ 250,000

Exhibit D

Our Movement

Established in 1910, The National Urban League (NUL) is the nation's oldest and largest community-based movement devoted to empowering African Americans to enter the economic and social mainstream. Today, the NUL, headquartered in New York City, spearheads the non-partisan efforts of its local affiliates.

Our Mission

To enable Black people and other marginalized communities to secure economic self-reliance, parity, power, and civil rights.

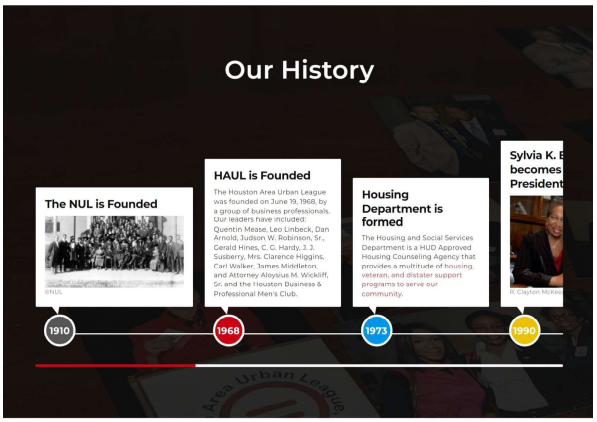
Our Vision

We envision a community where all Black people & other marginalized communities are clearly at parity with America's promise of opportunity, equality, and justice.

Our Organization

The Houston Area Urban League (HAUL) was organized in June, 1968 as a nonprofit 501(c)3 agency. Affiliated with the United Way and National Urban League, HAUL advocates for and provides social services to disadvantaged people of all races, gender, age groups, and/or disabilities.

HAUL operates the following six (6) programs targeting residents in economically disadvantaged geographic areas in the Greater Houston areas: Education and Youth Development; Workforce and Economic Development; Workforce Training; Housing; Social Justice; and Health and Wellness Initiatives.



Our People

Our President | Our Board | Our Staff

National Urban League

United Way
United Way of Greater Houston

Need help or have questions?

Contact us

Donate to HAUL

Partner with HAUL

Become an Urban Leaguer

About HAUL

The mission of the Houston Area Urban League, a registered 501(c)3, is to enable Black people and other marginalized communities to secure economic self-reliance, parity, power, and civil rights.

General Contact Information

Phone:
(713) 393-8700

Headquarters:
1301 Texas Avenue
Houston, TX 77002

Office Hours:
Monday – Friday 9am – 5pm

Quick Links

Donate to HAUL
National Urban League
United Way of Greater Houston
HAUL Young Professionals
HAUL Guild

Policies

Privacy Policy
Cookie Policy
Terms & Conditions

Manage Cookie Preferences

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Center for Social Justice & Education

Through the power of advocacy, the Center for Social Justice and Education will provide communities with the resources to face unique challenges and ensure that their civil rights and liberties are secured.

LEARN MORE

Education & Youth Development

This initiative is designed to address the needs of today's urban youth and provide them opportunities to obtain success in their personal and professional lives through educational core programs from infancy to young adulthood.

LEARN MORE

Entrepreneurship Center

The Entrepreneurship Center serves current and aspiring business owners to obtain foundational knowledge and skills in entrepreneurship through the assistance of business consultants, subject matter experts, and community partners.

LEARN MORE

Health & Wellness

Our Health and Wellness program is designed to elevate the community, in mind and body, by providing resources towards quality healthcare, nutrition, and chronic disease management.

LEARN MORE

Housing & Social Services

The Housing and Social Services program grants resources to all individuals, particularly underserved members of the community, towards obtaining access to adequate and affordable housing.

LEARN MORE

Workforce Development & Training

Created with the purpose of ensuring our community obtains economic stability through a variety of measures and eliminate barriers towards securing and maintaining employment.

LEARN MORE

Need help or have questions?

Contact us

Donate to HAUL

Partner with HAUL

Become an Urban Leaguer

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Select Language

NEW HOMES FOR OST / SOUTH UNION

New homes are coming to OST / South Union!

The City of Houston is partnering with Agape CDC to develop homes near 6412 Calhoun Road in the OST / South Union neighborhood. Agape Homes CDC will oversee the new construction of 80 single-family homes, including 57 affordable homes and 23 market-rate homes. The development's home designs have a mix of two-, three- and four-bedroom single-family detached homes restricted to homeowners at 70% to 100% AMI.

NOW ACCEPTING APPLICATIONS

APPLY NOW

Through the Affordable Home Development Program, the City of Houston will contribute a forgivable loan of $2,190,000.00 from the Uptown TIRZ Series 2021 Affordable Homes Funds to finance the infrastructure for the mixed-income development.

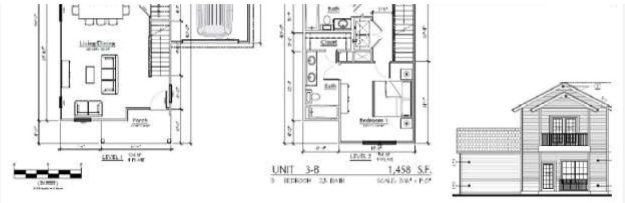
About Greater OST / South Union

Greater OST / South Union is a collection of neighborhoods in south-central Houston inside Loop 610 with a deep history of civic participation and leadership. Zollie Scales Park is named after a notable community activist responsible for getting many city services to the area. Mrs. Eljane Anderson, another community activist, was responsible for getting people in the area to vote. In addition, the neighborhood is home to Palm Center, one of the first malls to be built in Houston.

Today, the area is known for the Christmas decorations provided by LaSalette Place and Scott Terrace subdivisions during December. Please visit the Super Neighborhood 68 – Greater OST / South Union page to learn more.

About The Developer

Mission Statement: *At Agape Homes we preserve affordability without concentrating poverty.*



Agape Homes will build community-designed homes that will be safe, affordable, attractive, and energy-efficient. Agape aims to serve families below 80% AMI by offering homes at their cost. All the houses will be built in a manner to fit the current and historical architecture of the Greater OST / South Union neighborhood.

Agape Development provides services without discriminating on the basis of religion, gender, race, nationality, or orientation.

Photo Gallery

VIEW MORE

About The Affordable Home Development Program

LEARN MORE

KEY FACTS

The program aims to create new homeownership opportunities for residents.

Developments located across Houston.

Developments are mixed-income. At least 40 homes in each AHDP development will be attainable to households earning up to 120% of the Area Median Income or less. For a family of four, for example, this would mean earning $106,300 or less as of 2022.

FAQS – FREQUENTLY ASKED QUESTIONS

Note: The following FAQ pertains to the City's administration of the Affordable Home Development Program. The City's developer partners may have additional program guidelines.

Q: How do I buy a home? - Answer +

Q: What role does the City have in the homebuyer process? - Answer +

Q: Can I use down payment assistance programs to help buy a home? - Answer +

Q: What do you mean by "attainable rate" homes? - Answer +

Q: How will I know when homes are available to purchase? - Answer +

Q: How will the homebuyer process work? - Answer +

Adult Independence

Adult Independence offers growth opportunities in both discipleship and employment efforts in an adult's life, along with program based opportunities.

Employment & Benefit Services

Agape Development offers employment assistance such as resume writing, job search assistance, and interview practice. Staff are also on-hand to help with obtaining an ID and benefits.

Email

Contact Amanda for more information about employment services.

GET IN TOUCH

If you can afford to rent, you can afford to buy!
Interested in learning more?
GET IN TOUCH
CALL OR TEXT 346-396-4377

Homes feature:

Single or two story traditional single family homes with a welcoming yard. Open concept with front porches for community feel. Energy efficient. Solid surface countertops with

All the homes were designed through a communi charrette

All the houses will be built in a likewise manner to fit the current and historical architecture of the Greater OST/South Union neighborhood.

This CDC was created to give the families in the community an affordable option to own a home. The Agape Homes affordable program continues to explore the best way to achieve a low monthly mortgage amounts that would be consistent with current rent levels for an equivalent apartment.

6504 Calhoun Houston, TX 77021
713-658-1001

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A SITE BY YELLOWBOX

Rentals

The first stepping stone to independence and community leadership is stability. All of our neighbors deserve options for stable, safe, affordable housing - including rentals. Many neighbors will be renters in their journey to home ownership. The Haven at OST is an affordable rental option for short-term stays.

The Haven of OST

The Haven at OST/South offers a newly-renovated efficiency room for individuals looking for a short-term stay.

READ MORE

6504 Calhoun Houston, TX 77021
713-658-1001

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A SITE BY YELLOWBOX

HELLO, WORLD!

The South Union Community Development Corporation is a 501c3 non-profit organization established to help develop the South Union community and surrounding areas of Houston.

Meet the Board

PROGRAMS

SUNNYSIDE ENERGY PROJECT

In 2017, we were afforded an opportunity to submit an idea for the C40 Re-inventing Cities competition. We joined 70 other bidders and made the final 7. Needless to say, our Agriculture Hub component was our "Full House" card that may have been the game changer. Now, "Sunshine will shine in Sunnyside"

LEARN MORE

THE STEM FOUNDATION PROGRAM

The STEM Foundation provides project-based instructions in Science, Technology, Engineering and Math called "seeds of success". The program offers one-on-one guidance on how to use S.T.E.M. in everyday life through presentations from professionals, local businesses; and local field trips to see STEM in action.

LEARN MORE

SOLAR OUTDOOR CLASSROM

The Solar Outdoor Classroom was birthed from The STEM Foundation as a tool to teach/learn math in a fun way. Through "Outdoor Classroom" application, the students track monthly kilowatts of energy made at 4818 Higgins Street. The project produces young pioneers in energy production called ... "The New Power Generation."

LEARN MORE

GLOBAL EDUCATION EXCHANGE COALITION

An international collaboration of organizations from Los Angeles, CA; Washington, DC; Nashville, TN; Atlanta, GA; and South Africa. Together, we provide a week of Science, Technology, Engineering, Arts and Math experiences for youth called "STEAMtheBlock".

LEARN MORE

SENIORS LUNCH PROGRAM

Fellowship opportunities for seniors as they age gracefully. Many of them are widows and long for the company of others and we provide that needed component. Yes, there's food, fitness, field trips and plan old fun, but basically great fellowship.

LEARN MORE

SOWING SEEDS OF SUCCESS

OUR MISSION

Our mission is to "sow seeds of success" into youth through exposure to science, technology, engineering and math careers and seniors through fellowship, food, fun and fitness.

OUR VISION

To build minds and successfully healthy lives through exposure to "seeds of success" for both youth and seniors.

WHY US?

We are devoted to enriching the lives of today's children, senior citizens and families.
We instill great pride in our delivery and know without a doubt that we are making a difference.

SOUTH UNION CDC

Home | Who We Are | Programs | Support Us

DONATE

Register Online

We have phenomenal programs and events. Register to attend.

REGISTER NOW

Donate Online

Click the button below to donate online securely.

DONATE TODAY

Call Us

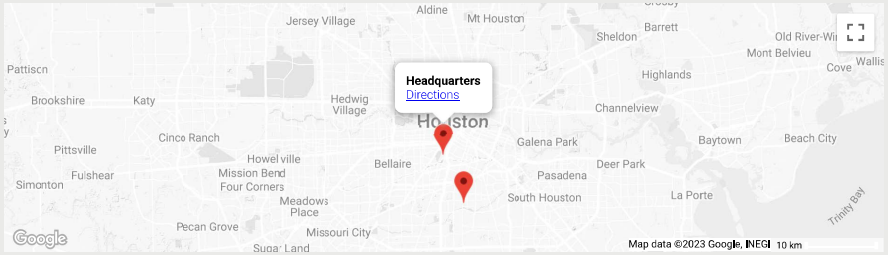
We love to chat with you about our programs. Give us a call!

CALL US

Email Us

Connect and say: "Hi!"
We'll respond within 72 hours.

EMAIL US



CONTACT US

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Houston, TX. 77004
hello@southunioncdc.org

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THE SOUTH UNION COMMUNITY DEVELOPMENT CORPORATION IS A 501C3 NON-PROFIT ORGANIZATION ESTABLISHED TO HELP DEVELOP THE SOUTH UNION COMMUNITY AND SURROUNDING COMMUNITIES OF HOUSTON.

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(https://www.almightyministries.org/)

We, at Almighty Ministries, Inc. pride ourselves in providing quality after-school programs and summer camps to at-risk youth.

Contribute to Almighty Ministries, Inc.

Your donation helps to support continuing growth
and assistance to youth programs.

DONATE NOW

(https://www.almightyministries.org/?page_id=194)

Stay Connected

Sign up to receive updates on Almighty Ministries, Inc. activities and events.

[mc4wp_form]

The Next Generation

(https://www.almightyministries.org/wp-content/uploads/2014/04/20130321_173606.jpg)

Almighty Ministries, Inc. was first organized in 1991 as an outreach effort to youths within an apartment complex in Southwest Houston. The goal was to provide structured, supervised activity on the weekends to youths.

Read More
(https://www.almightyministries.org/?page_id=17)

Make a Difference

(https://www.almightyministries.org/wp-content/uploads/2014/04/20140408_173009.jpg)

We, at Almighty Ministries, Inc. dedicate ourselves in supporting our youth and giving them the highest quality of after school programs available. Your donations help to achieve our goals with over 90% of contributions go towards programs. Please give today!

Donate Now!
(https://www.almightyministries.org/?page_id=194)

Milestones

(https://www.almightyministries.org/wp-content/uploads/2014/04/IMG_20120429_174153.jpg)

The Youth Going Green Community Garden has been selected as a Finalist for the 2014 Neighborhoods, USA (NUSA) - Best Neighborhood Program award! Winners to be announced at the conference in Eugene, Oregon, May 18-27, 2014. To stay connected, view upcoming events!

View Events
(https://www.almightyministries.org/?post_type=tribe_events)

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(https://www.almightyministries.org/)

Programs

Almighty Ministries, Inc. is dedicated to empowering the lives of at-risk youth, ages 7 - 16. Positive life changes are encouraged through structured programs that focus on spiritual growth, physical and emotional well-being, academic enrichment and healthy social skills. Many of our youth have been able to use the skills they have learned to achieve success in their education, career and personal endeavors.

Youth Going Green Community Garden

4706 Idaho

Houston, TX 77021

Nested within a small community east of Cullen Boulevard, youths are using their out of school time to develop gardening, academic, and leadership skills while enjoying recreational activities such as field trips and outdoor festivals.

(https://www.almightyministries.org/wp-content/uploads/2014/04/20140408_161603.jpg)

Back to Basics

Mancuso Branch Public Library
6767 Bellfort Street
Houston, TX 77087

Youths are improving in their academics as they learn basic reading and math skills through one-on-one tutoring, homework assistance, and STARR preparation.

The Achieving Youth of Today Drill Team

Structured programming and military-based instruction using commands, drills, steps, and routines help youths to become disciplined while preparing them for leadership and responsibility.

Summer Camps

Youths are learning and having a great time while doing so! Through reading activities and sports, day camps help youths learn the value of reading and sportsmanship. Leadership and self-sufficiency skills are developed as youths participate in overnight camping.

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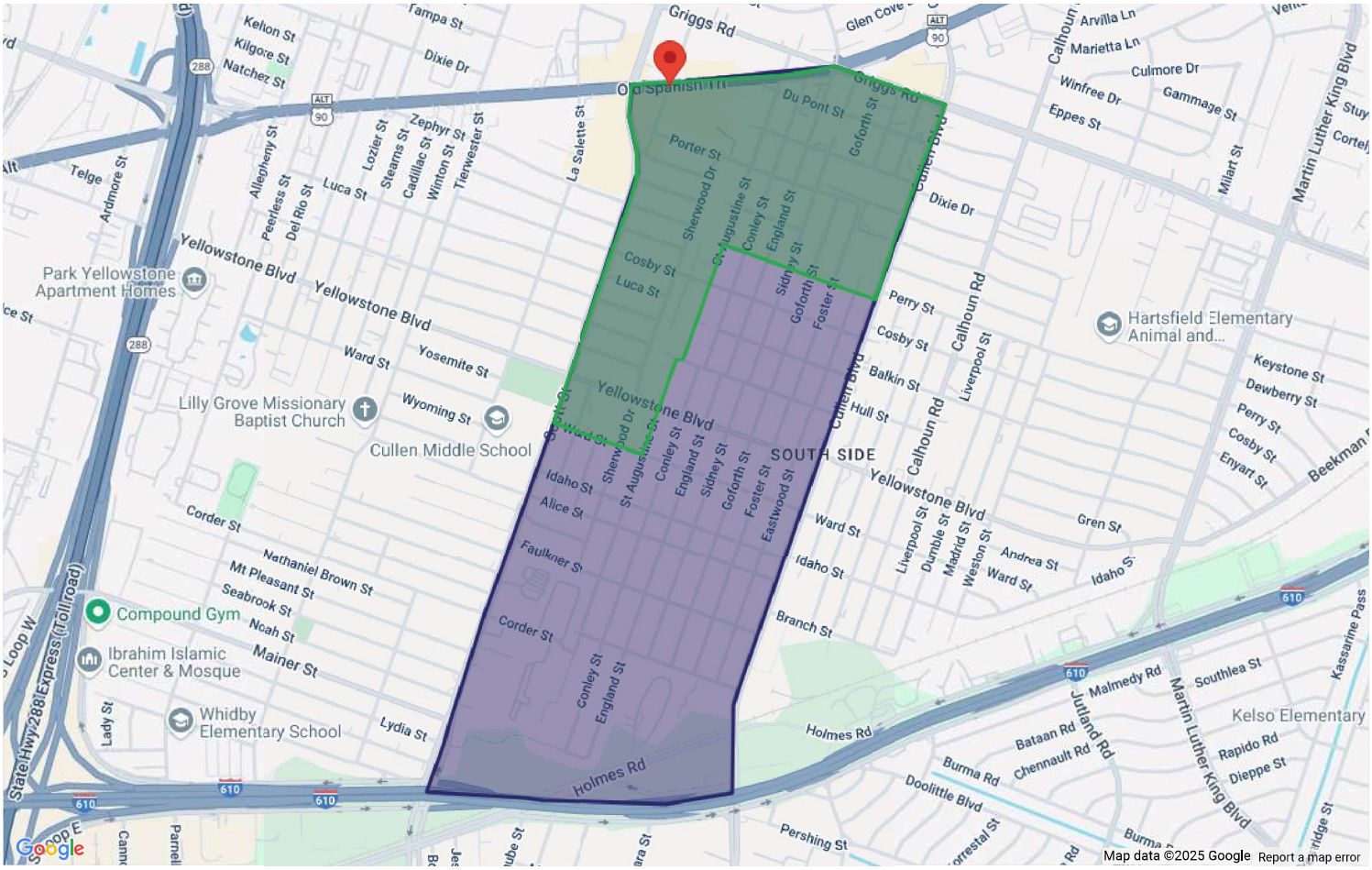
Exhibit E

6000 Scottcrest Dr, Houston, TX 77021 | May 22, 2025

NEIGHBORHOOD MAP



Neighborhood Boundary Micro-neighborhood Boundary

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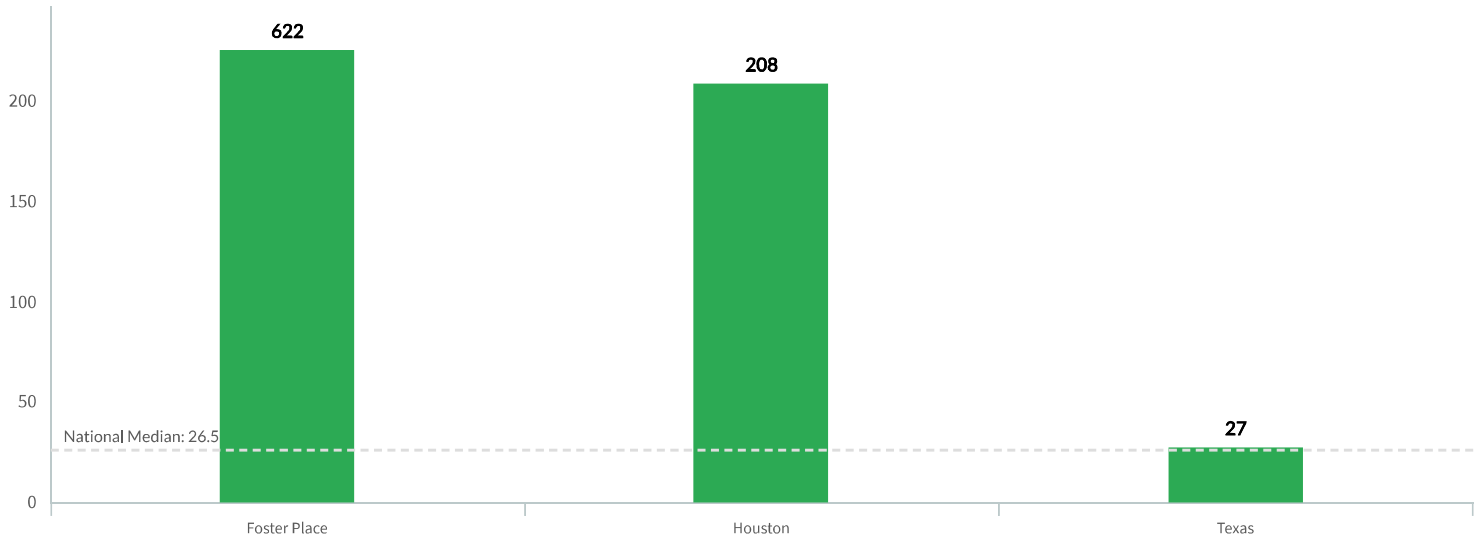
NEIGHBORHOOD CRIME INDEX

Total Crime Index	Violent Crime Index	Property Crime Index
2 (100 is safest)	**4** (100 is safest)	**1** (100 is safest)
Safer than 2% of U.S. neighborhoods.	Safer than 4% of U.S. neighborhoods.	Safer than 1% of U.S. neighborhoods.
⚠ This neighborhood has one of the **highest** overal rates of crime incidents per 1,000 resident population in America, according to exclusive NeighborhoodScout analysis. Overall crimes include both property crimes and violent crimes. To see the details of violent vs. property crime rates for this neighborhood, please refer to the respective sections below.	⚠ This neighborhood has one of the **highest** violent crime rates per 1,000 residents of any neighborhood in America, according to exclusive NeighborhoodScout data and analysis. Violent crimes include murder, non-neglegent manslaughter, forceble rape, armed robbery and aggravated assault.	⚠ This neighborhood has one of the **highest** property crime rates per 1,000 residents of any neighborhood in America, according to exclusive NeighborhoodScout data and analysis. Property crimes include burglary (i.e., breaking and entering, including home break-ins), theft (over $50), and motor vehicle theft.

NeighborhoodScout® provides exclusive crime risk analytics for every neighborhood in America with up to 98% predictive accuracy. Crime risk indices are nationally comparable on a 1 – 100 scale, where 100 means safer than 100% of U.S. neighborhoods.

Crime risk data are updated annually. Raw crime incidents are sourced from all 18,000+ local law enforcement agencies – municipal, county, transit, park, port, university, tribal and more, assigned to localities, then built into NeighborhoodScout's proprietary predictive models to provide a comprehensive crime risk profile for every neighborhood and address-vicinity in the U.S.

CRIMES (per square mile)



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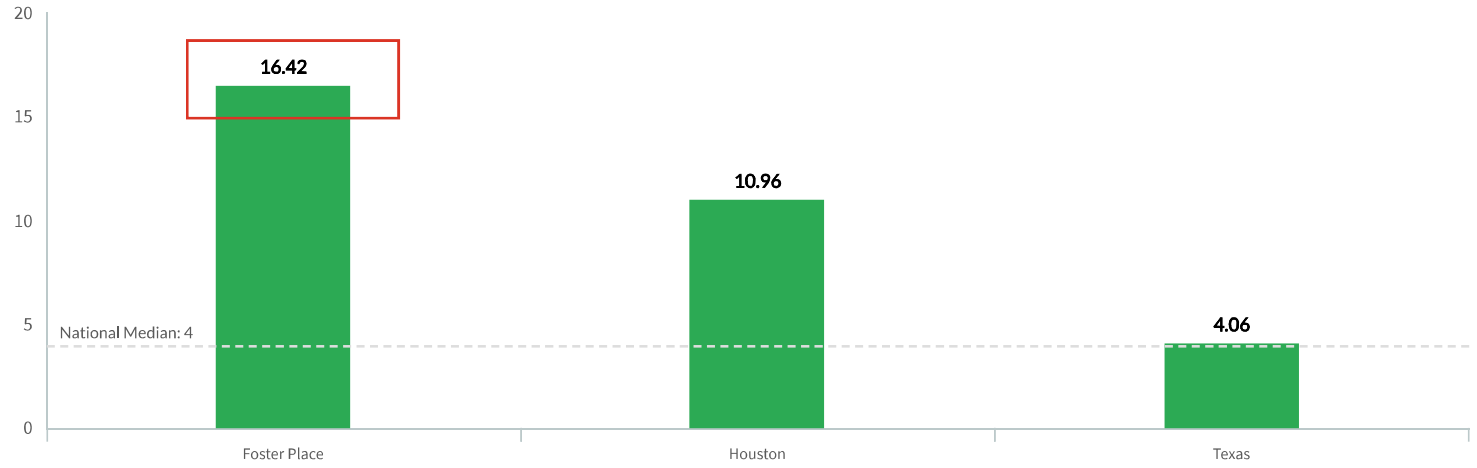
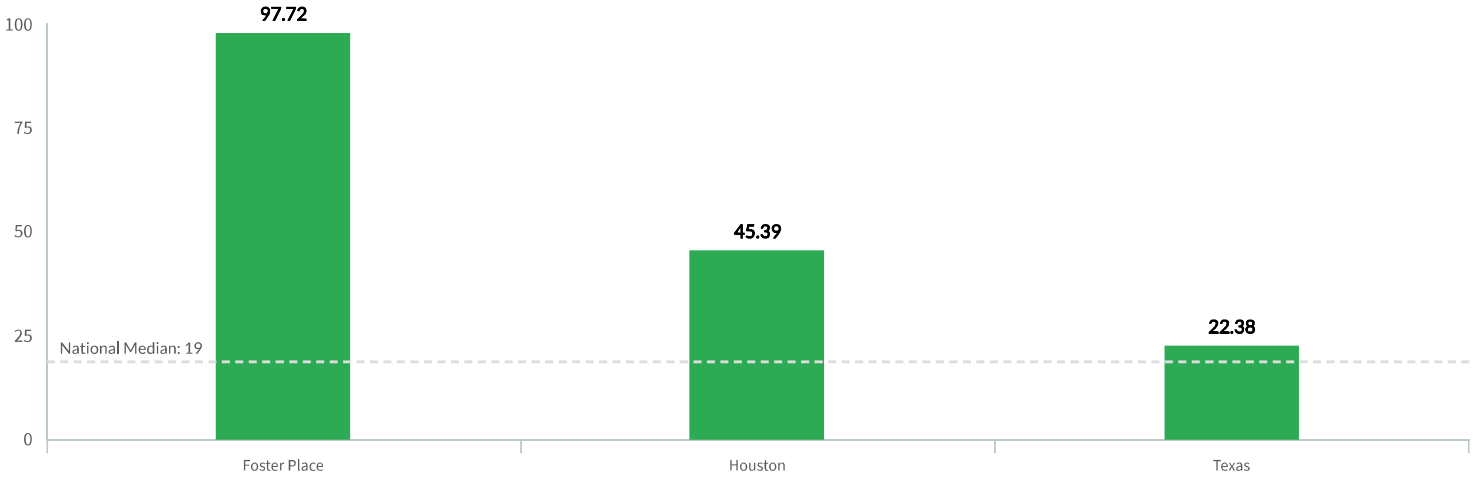
VIOLENT CRIME COMPARISON (per 1,000 residents)



Chances of Becoming a Victim of a Violent Crime

1 in 61 in this Neighborhood	⚠ In this neighborhood residents have one of the **highest** chances of becoming a victim of violent crime of any neighborhood in this state, according to exclusive NeighborhoodScout data and analysis. Violent crimes include murder, non-neglegent manslaughter, forceble rape, armed robbery and aggravated assault.	1 IN 91 in Houston	1 IN 246 in Texas

PROPERTY CRIME COMPARISON (per 1,000 residents)



Chances of Becoming a Victim of a Property Crime

1 in 10 in this Neighborhood	⚠ In this neighborhood residents have one of the **highest** chances of becoming a victim of property crime of any neighborhood in this state, according to exclusive NeighborhoodScout data and analysis. Property crimes include burglary (i.e., breaking and entering, including home break-ins), theft (over $50), and motor vehicle theft.	1 IN 22 in Houston	1 IN 45 in Texas

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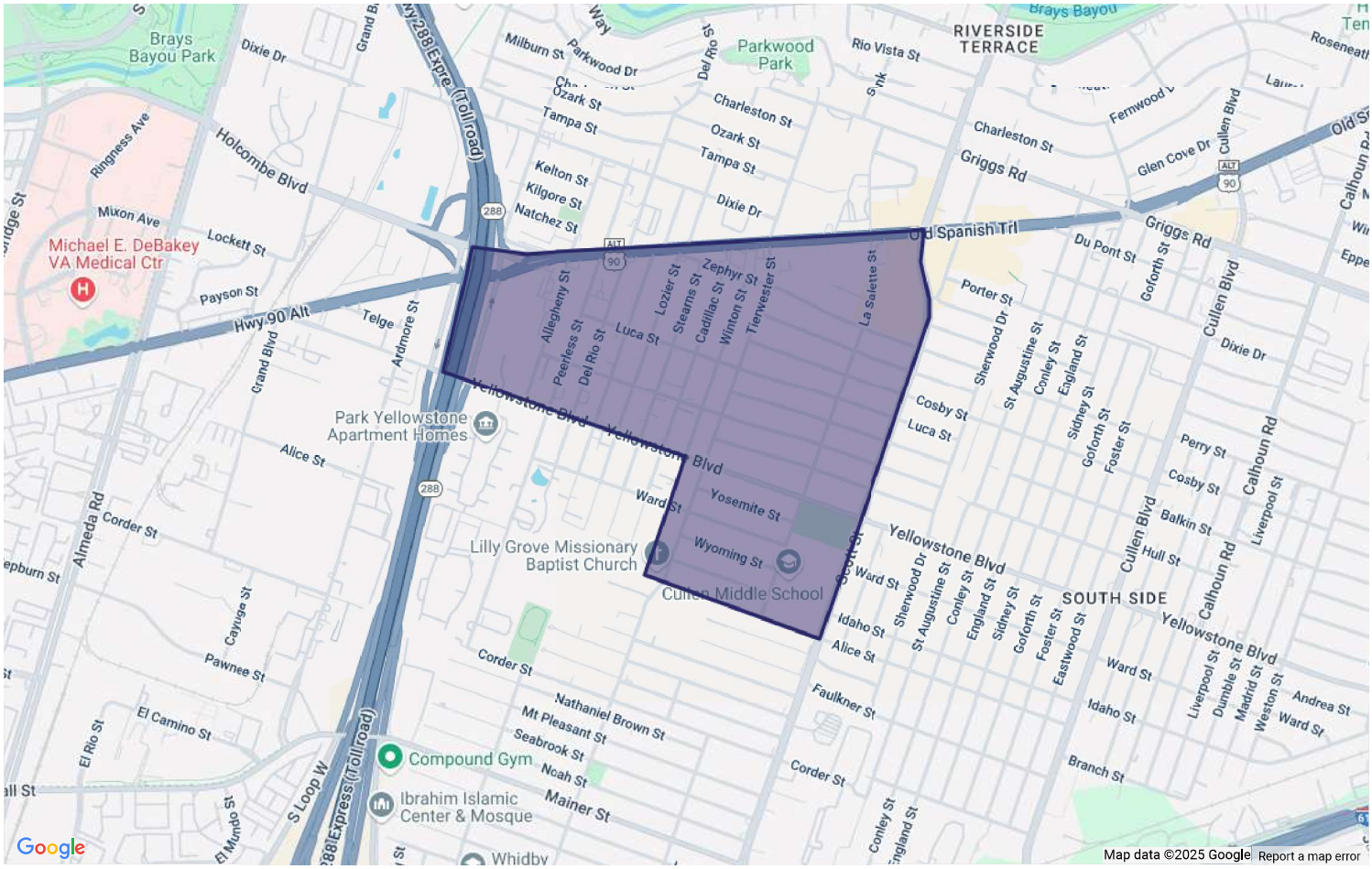
First Adjacent Census Tract within 500 ft

NEIGHBORHOOD MAP



Neighborhood Boundary

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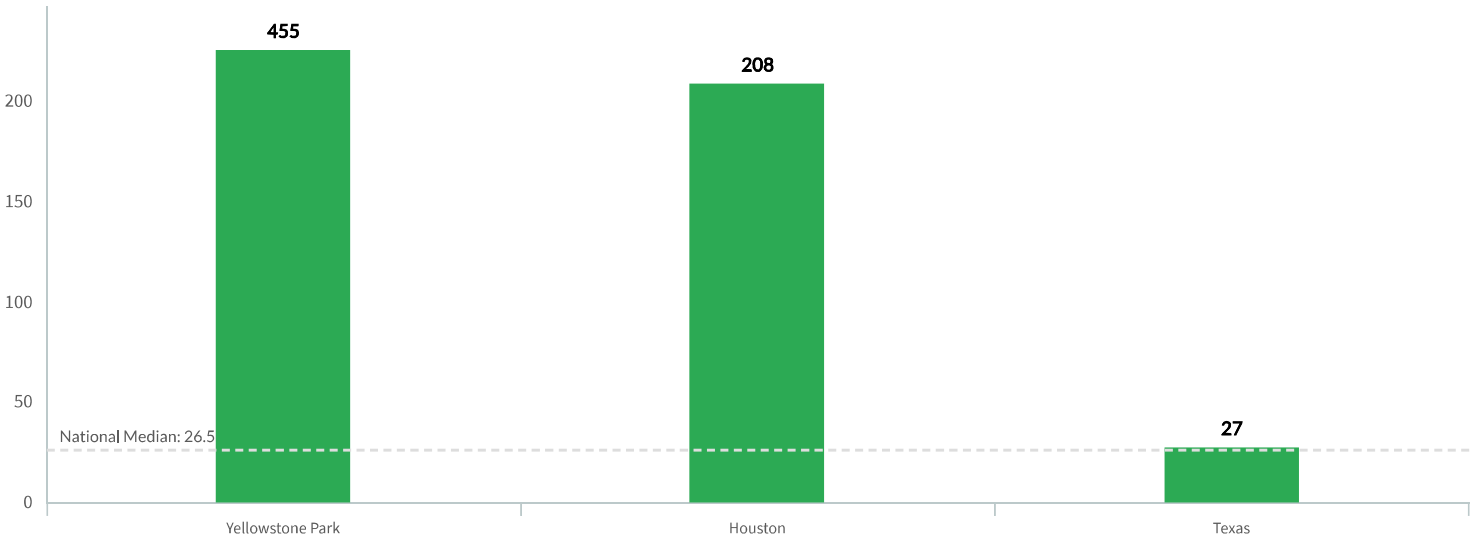
NEIGHBORHOOD CRIME INDEX

Total Crime Index	Violent Crime Index	Property Crime Index
2 (100 is safest)	**1** (100 is safest)	**3** (100 is safest)
Safer than 2% of U.S. neighborhoods.	Safer than 1% of U.S. neighborhoods.	Safer than 3% of U.S. neighborhoods.
⚠ This neighborhood has one of the **highest** overal rates of crime incidents per 1,000 resident population in America, according to exclusive NeighborhoodScout analysis. Overall crimes include both property crimes and violent crimes. To see the details of violent vs. property crime rates for this neighborhood, please refer to the respective sections below.	⚠ This neighborhood has one of the **highest** violent crime rates per 1,000 residents of any neighborhood in America, according to exclusive NeighborhoodScout data and analysis. Violent crimes include murder, non-neglegent manslaughter, forceble rape, armed robbery and aggravated assault.	⚠ This neighborhood has one of the **highest** property crime rates per 1,000 residents of any neighborhood in America, according to exclusive NeighborhoodScout data and analysis. Property crimes include burglary (i.e., breaking and entering, including home break-ins), theft (over $50), and motor vehicle theft.

NeighborhoodScout® provides exclusive crime risk analytics for every neighborhood in America with up to 98% predictive accuracy. Crime risk indices are nationally comparable on a 1 – 100 scale, where 100 means safer than 100% of U.S. neighborhoods.

Crime risk data are updated annually. Raw crime incidents are sourced from all 18,000+ local law enforcement agencies – municipal, county, transit, park, port, university, tribal and more, assigned to localities, then built into NeighborhoodScout's proprietary predictive models to provide a comprehensive crime risk profile for every neighborhood and address-vicinity in the U.S.

CRIMES (per square mile)



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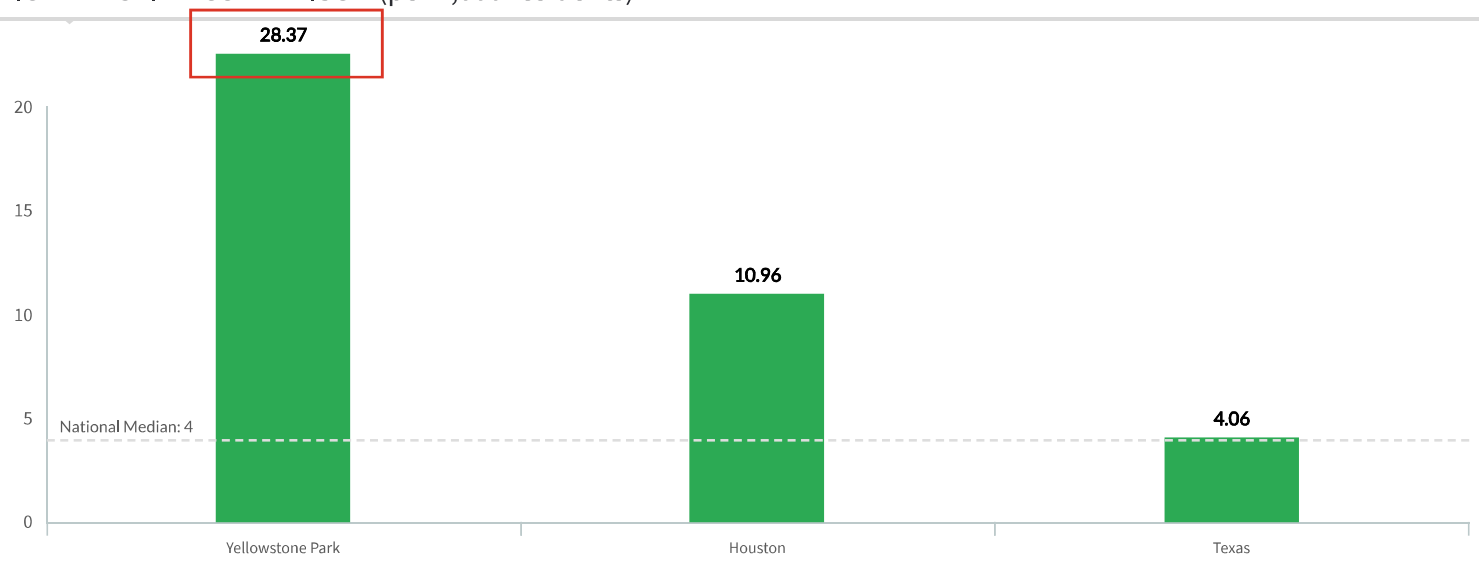
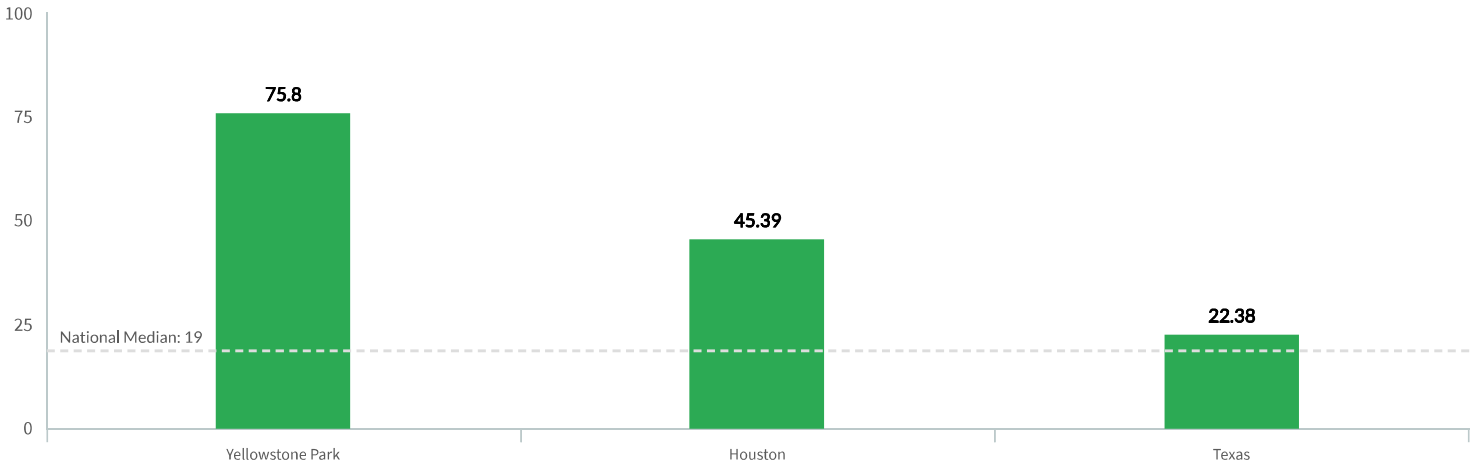
VIOLENT CRIME COMPARISON (per 1,000 residents)



Chances of Becoming a Victim of a Violent Crime

1 in 35 in Yellowstone Park	⚠ In this neighborhood residents have one of the **highest** chances of becoming a victim of violent crime of any neighborhood in this state, according to exclusive NeighborhoodScout data and analysis. Violent crimes include murder, non-neglegent manslaughter, forceble rape, armed robbery and aggravated assault.	1 IN 91 in Houston	1 IN 246 in Texas

PROPERTY CRIME COMPARISON (per 1,000 residents)



Chances of Becoming a Victim of a Property Crime

1 in 13 in Yellowstone Park	⚠ In this neighborhood residents have one of the **highest** chances of becoming a victim of property crime of any neighborhood in this state, according to exclusive NeighborhoodScout data and analysis. Property crimes include burglary (i.e., breaking and entering, including home break-ins), theft (over $50), and motor vehicle theft.	1 IN 22 in Houston	1 IN 45 in Texas

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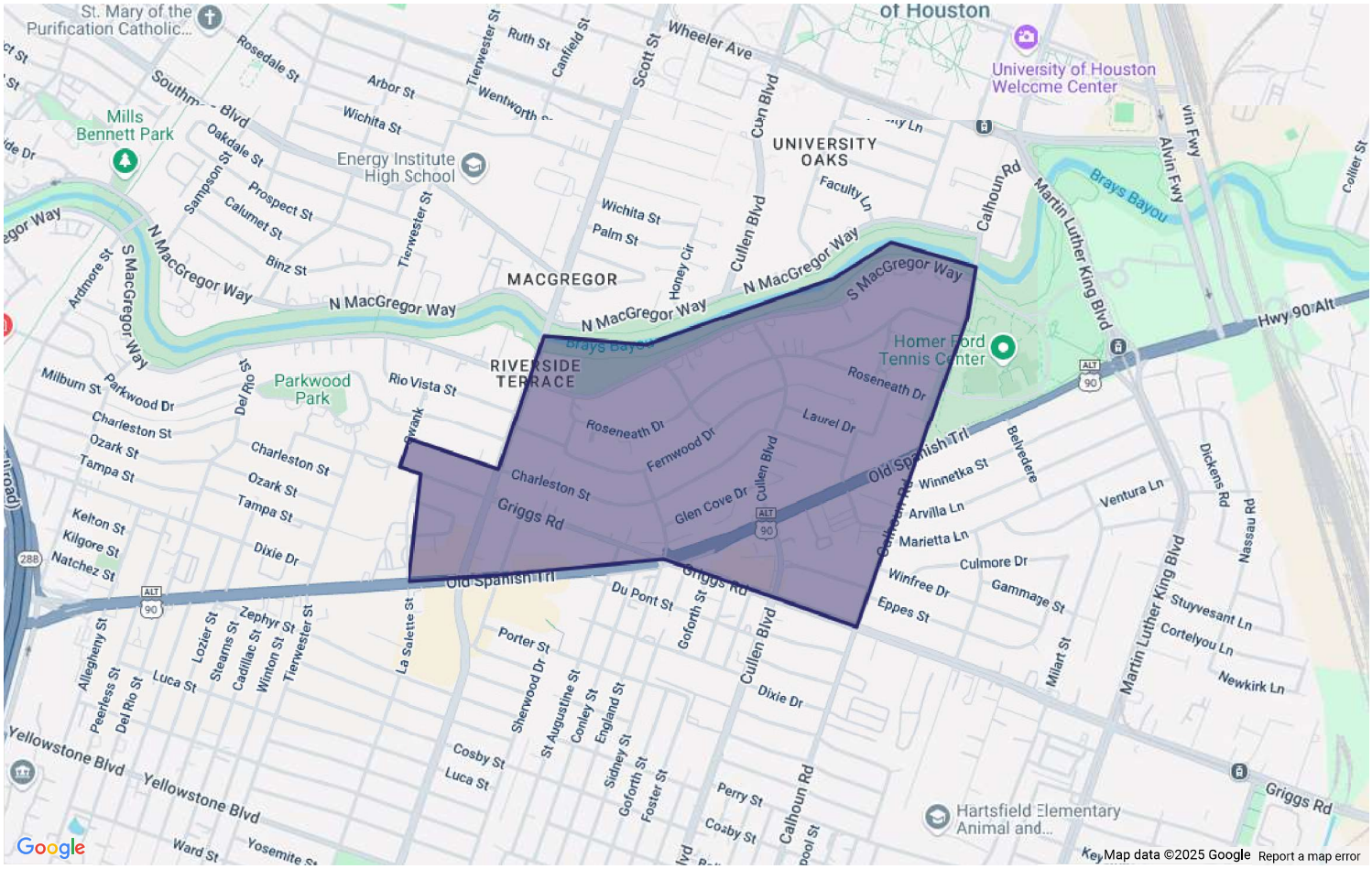
Second Adjacent Census Tract within 500 ft

NEIGHBORHOOD MAP



Neighborhood Boundary

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NEIGHBORHOOD CRIME INDEX

Total Crime Index	Violent Crime Index	Property Crime Index
10 (100 is safest)	**3** (100 is safest)	**14** (100 is safest)
Safer than 10% of U.S. neighborhoods.	Safer than 3% of U.S. neighborhoods.	Safer than 14% of U.S. neighborhoods.
⚠ This neighborhood has one of the **highest** overal rates of crime incidents per 1,000 resident population in America, according to exclusive NeighborhoodScout analysis. Overall crimes include both property crimes and violent crimes. To see the details of violent vs. property crime rates for this neighborhood, please refer to the respective sections below.	⚠ This neighborhood has one of the **highest** violent crime rates per 1,000 residents of any neighborhood in America, according to exclusive NeighborhoodScout data and analysis. Violent crimes include murder, non-neglegent manslaughter, forceble rape, armed robbery and aggravated assault.	⚠ This neighborhood has one of the **highest** property crime rates per 1,000 residents of any neighborhood in America, according to exclusive NeighborhoodScout data and analysis. Property crimes include burglary (i.e., breaking and entering, including home break-ins), theft (over $50), and motor vehicle theft.

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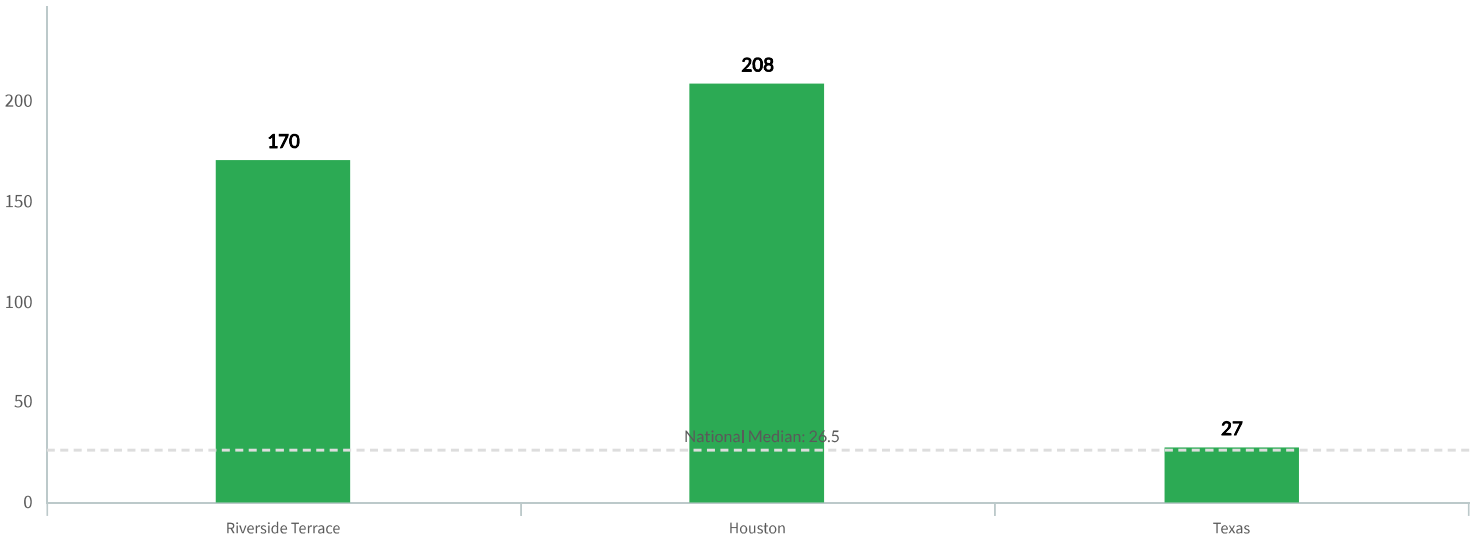
CRIMES (per square mile)



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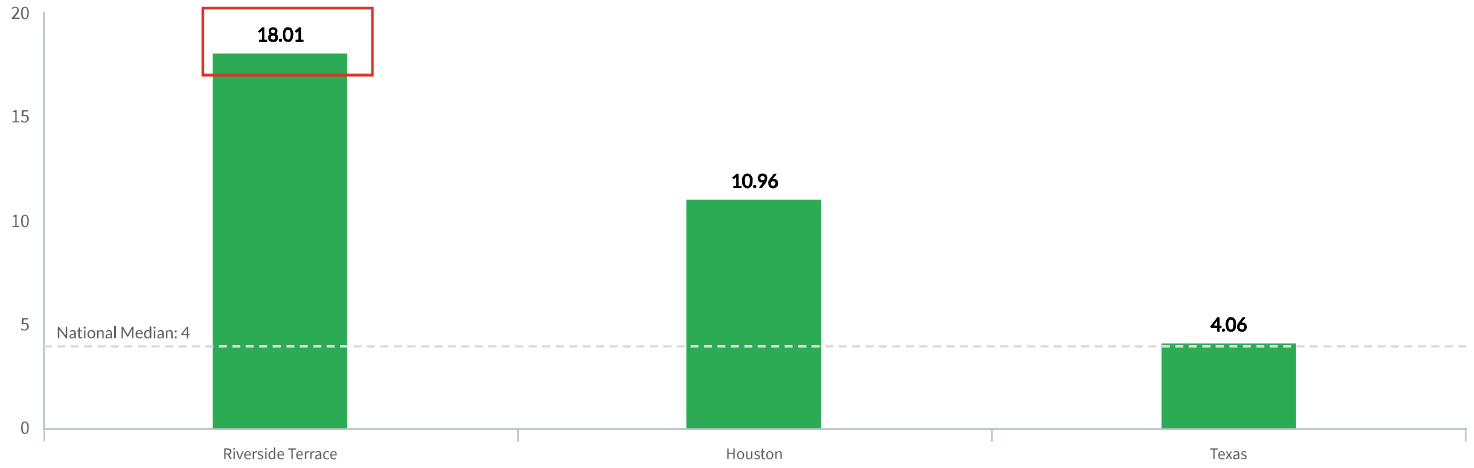
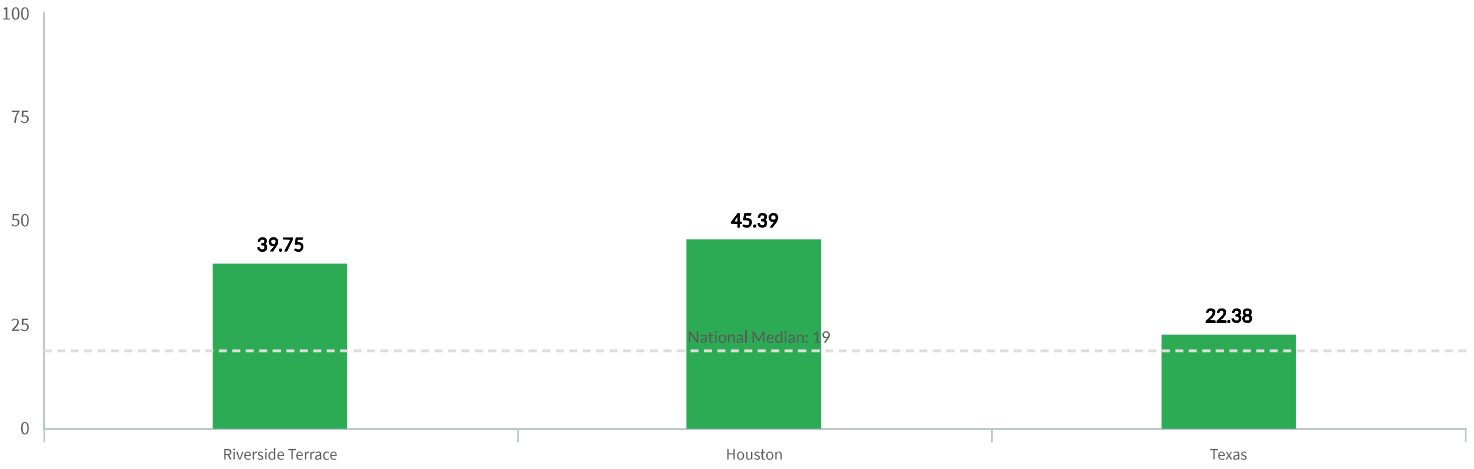
VIOLENT CRIME COMPARISON (per 1,000 residents)



Chances of Becoming a Victim of a Violent Crime

1 in 56 in Riverside Terrace	⚠ In this neighborhood residents have one of the **highest** chances of becoming a victim of violent crime of any neighborhood in this state, according to exclusive NeighborhoodScout data and analysis. Violent crimes include murder, non-neglegent manslaughter, forceble rape, armed robbery and aggravated assault.	1 IN 91 in Houston	1 IN 246 in Texas

PROPERTY CRIME COMPARISON (per 1,000 residents)



Chances of Becoming a Victim of a Property Crime

1 in 25 in Riverside Terrace	⚠ In this neighborhood residents have one of the **highest** chances of becoming a victim of property crime of any neighborhood in this state, according to exclusive NeighborhoodScout data and analysis. Property crimes include burglary (i.e., breaking and entering, including home break-ins), theft (over $50), and motor vehicle theft.	1 IN 22 in Houston	1 IN 45 in Texas

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Exhibit F

ONE SAFE HOUSTON

Mayor Sylvester Turner

February 2022

MAYOR'S PUBLIC SAFETY INITIATIVE TO COMBAT VIOLENT CRIME

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THE MAYOR'S CALL TO ACTION

The City of Houston, not unlike all major cities in our nation, has experienced an increase in violent crime as theCOVID-19 pandemic tightened its grip on our city, state and nation. Other factors contributing to the nationwide spike in violent crime include widespread social anxiety, economic uncertainty, mental health concerns, the increased presence of illegally owned firearms, and a strained court system plagued by criminal case backlogs that impact the pretrial release and prosecution of violent offenders.

In 2021, the city launched a Violent Crime Initiative that resulted in the reduction of crime in many identified hot spots. By the end of the initiative, all violent crime categories were reduced except homicide. Sadly, the increase in homicides during the first months of 2022 and felonious assaults on police officers and our fellow Houstonians is a sobering reminder that we must collaborate, as one community to combat our current crime challenges.

Houstonians, it is time to take our city back! To realize this vision, we are launching the One Safe Houston crimereduction initiative, which focuses on four (4) key areas:

A. Violence Reduction and Crime Prevention
B. Crisis Intervention, Response and Recovery
C. Youth Outreach Opportunities
D. Key Community Partnerships

Much work is already underway within these primary focus areas, but additional work and commitment is needed to have the greatest impact and measure of success.

One Safe Houston is a comprehensive violence reduction initiative that links research-based strategies to improve public safety and reduce the harms caused by violent crime. With the collaboration of all stakeholders, I am confident that we will reduce violence and emerge as **One Resilient City – One Unified City – One Safe Houston.**

Sincerely,

Sylvester Turner
Mayor

Violence Reduction & Crime Prevention

The City of Houston recognizes that in order to reduce violent crime, our city needs the resources and ability to target repeat offenders to prevent them from committing criminal acts. Accordingly, the Houston Police Department (HPD) collaborates with local, state and federal partners to assist with crime prevention and harm-reduction strategies via the strategic deployment of resources to arrest violent offenders and reduce crime in Houston's most violent neighborhoods. By leveraging technology with existing organizational resources, HPD can be more efficient and effective in lowering violent crime trends. At the forefront of this effort is the utilization of innovative technology and programs to target hotspot locations. The following strategies will contribute significantly to the reduction of violent crime and recidivism, making Houston a safer city for all.

- **Identify Top Hot Spot Crime Neighborhoods and Locations**

The One Safe Houston initiative is an evidence-based policing strategy designed to target violent crime throughout the City of Houston. More specifically, HPD is committed to address violent crime with a particular emphasis on murders, aggravated assaults, aggravated robberies, and dismantling and disrupting violent criminal gangs operating in our city.

By implementing a data driven and intelligence-led approach to reduce violent crime, HPD has and will continue to identify neighborhoods experiencing the highest levels of violent crime and will use deployment strategies accordingly. Crime rates via neighborhood can change over time and enforcement can lead to displacement of crime to other areas. Thus, HPD will continue to use data and evidence based strategies to deploy crime deterrence efforts to the neighborhoods most impacted and adjust as necessary if crime patterns shift over time.

Houston must deploy hot spot strategies that focus on criminal offenses involving:

- Weapons;
- Serious bodily injury;
- Road rage and reckless driving;
- Crimes with a gang, narcotic, or criminal enterprise nexus; and
- Repeat violent offender nexus

Targeting criminal hot spots will allow law enforcement to be laser focused on smaller segments of neighborhoods, which account for the greatest number of violent crimes.

As noted previously, as crime patterns shift, so will our strategies and resources. **In addition, we will enhance our resources to provide added safety to our shopping areas, synagogues, mosques and other faith-based institutions**. As a city, we must collectively condemn antisemitism and islamophobia. We must also collectively condemn violence against Asians, people of color, members of the LGBGQ+ community and other targeted groups. If not, our silence makes us complicit to these acts of violence.

- **Patrol Enhancement**

To provide more visibility toward crime deterrence and rapid response to crimes in progress, **the Administration has authorized HPD to add via overtime an additional 125 officers per day.** These additional officers will be deployed primarily based on data driven, evidence-based analysis of when and where the most violent crimes are occurring. This increase will supplement strained staffing levels and allow for strategic deployment of additional units to allow for adequate coverage to respond to the increase in violent crimes and crimes in progress. The cost of this patrol initiative will be **$5,739,880**. The City will also explore a Police Officers Reserve Force to augment active officers.

- **Enhance City Park Security**

The City will hire fifteen (15) additional Park Ranger positions to support the efforts of local Law enforcement to help keep our parks safe. **The cost to hire fifteen (15) additional Park Rangers will be $1,915,200 over three years.**

- **Differential Response Teams (DRT)**

Increase the use of DRT officers to implement problem-solving strategies and community-policing concepts to address the specific community concerns. The primary responsibility of DRT officers is to proactively identify and address crime issues in their assigned areas to increase the quality of life in the communities, thereby reducing the need for police services.

- **Expand the use of Crime Suppression Teams (CST)**

HPD will continue to use crime suppression teams in order to identify neighborhood crime drivers and develop initiatives to combat violent crime.

- **Multi-Agency Taskforce Initiatives**

Coordinated Fugitive Apprehension Initiative. HPD will collaborate with local, state and federal law enforcement partners to include Texas Anti-Gang Task Force (TAG), Federal Bureau of Investigation (FBI), Alcohol, Tobacco and Firearms (ATF), U.S. Marshal's Service, Texas Department of Public Safety (DPS), Gulf Coast Violent Offenders Taskforce, and other partner agencies. This targeted collaboration will lead to the identification and apprehension of violent offenders with existing warrants for felony offenses and/or parole violations, as soon as possible after a warrant is issued.

Enhance Traffic Enforcement and Safe Roadways Initiative. Work with regional partners to include Harris County Sherriff's Office (HCSO), all Harris County Constable agencies, Metro Police, and the DPS to proactively intercept drivers exhibiting aggressive driving behaviors that commonly lead to incidents of road rage and when appropriate, file criminal charges.

- **Illegal Firearms**

In 2021, approximately 3,600 guns were stolen in Houston burglary of motor vehicle incidents. Increased police presence and traffic enforcement initiatives will serve to reduce the number of burglary incidents where guns are stolen from vehicles and used in the commission of felonious offenses once stolen. Stowing a weapon in a vehicle without a proper safe or locking mechanism is not a proper method to secure a firearm. Accordingly, HPD will design and launch a public safety campaign reminding motorists on how to properly secure their legally owned firearms.

In a proactive effort to respond to gun violence in our City, HPD will work with ATF and other federal partners to implement a robust crime gun intelligence response to include the use of NIBIN (National Integrated Ballistics Information Network) for investigative leads, seizing ghost guns and fully auto switches, and targeting offenders who repeatedly committed crimes using firearms. HPD investigators will also leverage federal prosecution opportunities where applicable.

There is no question there are too many guns on the streets. To incentivize the removal of stolen guns from Houston streets, **the City will also fund a $1 million robust gun buyback initiative,** which will reduce the likelihood of illegally obtained firearms being used in the furtherance of violent crime.

- **Identify and address Nuisance Locations**

Investigative Divisions within HPD and other city departments will work together to address night club and convenience stores where repeated crimes of violence have occurred. These specialized units will coordinate with citywide DRT, Vice, Narcotics, and Gang Divisions as well as our partner agencies such as the Texas Alcoholic Beverage Commission (TABC), the Harris County District Attorney's Office (HCDAO), the Harris County Attorney's Office (HCAO), and the Internal Revenue Service (IRS) to take legal action necessary to address these locations through nuisance abatement, code enforcement, and patrol efforts.

For example, on January 28, 2022, the City filed a common nuisance lawsuit against the operator of MVP Food Store at 4718 Lockwood, the property owner, and the property itself ("Defendants") under state law, Chapter 125 of the Texas Civil Practices & Remedies Code ("Chapter 125"). The City's lawsuit alleges criminal activity at MVP Food Store including rampant drug dealing, aggravated assaults, and shootings over the past year. MVP Food Store is a known drug haven located close to Kashmere Gardens Elementary School and has significantly impacted the health and safety of the community. The City's lawsuit seeks injunctive relief and asks the court to compel the Defendants to abate the criminal activity at MVP Food Store. Chapter 125 has been an effective tool in helping the City and HPD combat criminal hot spots where property owners and operators fail to take reasonable measures to address the criminal activity on their property. Even with pandemic restrictions, this past year alone, the City successfully closed eight (8) massage parlors with suspected human trafficking activity where 4 lawsuits were filed, and have ongoing lawsuits with Chapter 125 claims against sexually oriented businesses. The City continues to use every available tool to rein in crime with its limited resources.

It is imperative that we continue our efforts to reduce crime at local businesses through increased Crime Prevention through Environmental Design (CPTED) efforts. We must actively engage our business community to target harden locations through proper crime prevention efforts like lighting, camera surveillance, security personnel, with special attention to public shopping areas and parking lots. **To that end, the Administration has asked the City Attorney to draft an ordinance for council approval requiring security cameras for certain classes of businesses where the increase in crime is concentrated.**

This new ordinance would be similar to the ordinance requirement for convenience stores passed by Council in 2008. We anticipate an ordinance that strategically places cameras to survey the immediate and surrounding public areas, designates the images to be maintained for a reasonable period, and grants law enforcement access to view images in connection with any criminal investigation. The City will connect with industry leaders and owners to solicit their input as the City determines the types of businesses to be included in the ordinance. This expanded security camera program will also incorporate best practices to affirmatively address legal concerns associated with security cameras such as privacy, constitutional search requirements, and racial profiling.

- **Criminal Justice System Improvements**

Top 200 Violent Offenders. HPD will seek assistance from the Harris County District Attorney's Office to prioritize the prosecution of the 200 most violent offenders currently awaiting trial or case disposition. The types of cases to be prioritized include firearms related offenses, habitual domestic violence crimes, crimes against vulnerable populations, and offenses involving gang activity or organized crime. This type of strategic coordination will allow criminal justice stakeholders to improve the pre-trial tracking and monitoring of violent offenders who pose the greatest risk to our safety.

Court Backlog. It is undisputed that several factors have negatively impacted portions of the Harris County Criminal Justice process. In 2017, Hurricane Harvey caused major damage and disruption to the operation of our local court system and thus the ability of our local criminal justice system to adjudicate cases expeditiously. This unfortunate situation coupled with the global pandemic that followed has created a criminal court backlog greater than 100,000 cases. The City of Houston is poised to work collaboratively with the District Attorney's Office to address these challenges; but the fact remains that the criminal court backlog is impacting the County's ability to bring violent offender cases to completion. Accordingly, it is imperative that all criminal justice stakeholders design a plan to clear the criminal case backlog.

To that end, the City will provide $1.5 million in additional funding to the Houston Forensic Science Center to address backlogs. The simple facts are, we need more criminal courts, judges, and staffing.

Bond Company Protocols and Best Practices. The Criminal Justice System does not operate effectively when any part of the system is not functioning as designed. The ever-growing backlog of criminal cases and the delayed adjudication of violent offenders will only be exacerbated if bail bond amounts continue to be reduced to a nominal level. Today, many bail bond companies are requesting substantially less than the customary 10 percent required to post bond. The City of Houston is asking bail bond companies to cease this particular practice**. It should be noted that City Administration has also asked the City Legal Department to propose an ordinance prohibiting this type of arrangement.**

I have instructed the City Legal Department to draft an ordinance for consideration by Houston City Council, requiring that a bail bond company charge a premium equal to at least ten percent of the amount of the bail bond set by the court. This would require that the cost of a bail bond be equal to what the public generally believes to be the cost of such a bond rather than some lesser amount. I also call upon the Harris County Bail Bond Board to adopt a regulation requiring that all companies issuing bonds within Harris County charge a premium equal to at least ten percent of the amount of the bond. If the Bail Bond Board were to adopt such a standard for the entire county, the City would consider it unnecessary to move forward with the passage of the proposed ordinance. Otherwise, the City must act.

- **Technology Enhancements**

The City of Houston supports the use of data driven, evidence-based law enforcement response strategies. Accordingly, HPD will enhance our crime fighting capabilities by leveraging the following technologies:

1. Expand the deployment of Automated License Plate Readers (ALPRs) in high crime areas to identify vehicles associated with criminal acts.
2. Leverage and expand gunshot detection technology for a more rapid response to gun crime related incidents thereby enhancing investigative leads and the possibility of quickly apprehending violent offenders in the commission of crimes involving firearms.
3. Increase community partnerships to leverage available real time video through programs such as Community Connect, Ring, Nest and other video security platforms.
4. Enhance the technology capabilities of the Real Time Crime Center (RTCC) and move it toward a true Strategic Decision Support Center.

Crisis Intervention, Response, & Recovery

- **Domestic Violence**

For the year 2021, the total number of domestic-violence related homicides was eighty-one (81), an increase of 50% from 2020, which reported fifty-four (54) homicides during the same period. To address this epidemic, the City launched a two-pronged Domestic Violence Initiative designed to address the symptoms of domestic violence to prevent future homicides.

Domestic Abuse Response Team (D.A.R.T.). For the year 2021, the total number of DV-related Homicides was 81, an increase of 50% from 2020, which reported 54 DV-related Homicides during the same period. To address this epidemic, the City launched Houston's Domestic Abuse Response Team (D.A.R.T.), which is a coordinated community response designed to prevent domestic violence homicides. D.A.R.T. is a multidisciplinary model that recognizes domestic violence severely impacts an individual's physical and mental health. D.A.R.T. teams are comprised of officers and victim advocates who are trained to provide trauma-informed care within minutes of a victim dialing 911. D.A.R.T. coordinates and/or provides on-scene danger assessments, emergency shelter, food, transportation, and connections to community-based resources so victims can be empowered to live a life free of violence and abuse. D.A.R.T. also offers on-scene medical forensic exams at **NO CHARGE** to the victim. Medical forensic exams not only provide critical history about the survivor but also contribute to the preparation of an evidence-based criminal charge to be presented for criminal prosecution. D.A.R.T. units are also called as support for special threat situations as a resource for HPD's Tactical Operations Division.

The preventive aspect of the Domestic Violence Initiative is the Multicultural Domestic Violence Preventative Outreach Strategy. This initiative will engage culturally diverse survivors who are disproportionately impacted by domestic violence. This targeted strategy will allow interventionists to engage in violence prevention education and provide information and material attuned to the cultural needs and languages of Houston's diverse population. The Mayor's Office previously used CARES Act dollars to stand up these programs. When that funding was exhausted, the City of Houston began using ARPA funding for these services, and they are already making a significant difference in the lives of our most impacted neighbors.
The added cost for this initiative is $3 million.

- **Mental Health**

Mobile Crisis Outreach Team (MCOT). MCOT is a team of mental health professionals who respond to situations involving a person in mental health crisis without the involvement of law enforcement. MCOT has a proven track record of handling situations involving mental health crises with appropriate community resources. Law enforcement is rarely needed. The recent expansion of MCOT by six (6) teams allows the staff to handle increased demands associated with the 40,000+ 911 mental health calls they receive annually.

Crisis Intervention Response Team (CIRT). CIRT teams are comprised of a Crisis Intervention Trained (CIT) peace officer and a licensed professional clinician (LPC) who ride together and respond to mental health disturbances. Using the skills and education of both, the CIRT units safely de-escalate mental health crises and provide the most informed possible disposition to these calls. CIRT units are also called as support for special threat situations as a resource for the SWAT commander. In addition to their knowledge about mental illness and counseling experience, the clinicians have direct access to consumer's medical data in the Harris Center and Harris County Hospital District systems. This information is extremely beneficial when responding to consumers in crisis as they have knowledge of the consumer's diagnoses, mental health history, medications, and hospitalizations. Currently, HPD has twelve (12) CIRT units allocated as part of the Mental Health Division. Recently, five additional teams were added so CIRT teams can respond to more mental health-related calls, placing these specialized teams into situations where they are best suited to de-escalate and provide critical mental health resources.

Clinician-Officer Remote Evaluation Program (CORE). CORE is a telehealth strategy for responding to mental health crisis calls using a tablet and a HIPAA-approved technology platform to connect a law enforcement first responder with a mental health clinician in the community at the time of the 911 dispatch. CORE connects six (6) licensed professional clinicians and a team leader to persons whose mental health crises have brought them in contact with HPD officers. The clinicians can assist the officer in making a quick, accurate mental health assessment. The clinicians can also access the person's hospitalization history and connect the person with needed resources.

- **Crime Victim Recovery & Restoration**

  Continued expansion of HPD's Victim Services Division (VSD). The Houston Police Department has one of the largest victim services divisions in the nation. The overall goal of the division is to support crime victims to reduce the likelihood of future victimization so crime victims can be restored and begin to feel safe where they live, work, and play. Designed to provide restorative justice through relational policing, VSD offers traditional crime victims assistance and partners with various social and legal services organizations to provide long term victim restoration.

Community Collaboration & Engagement

- **Proactive Community Initiatives to Curb Gun Violence**

  CURE Violence. The Cure Violence model trains and deploys outreach workers and violence interrupters to mitigate conflict on the street before it turns violent. These credible messengers are trusted members of their communities and use their street credibility to model and teach more effective ways to communicate and resolve conflict. CURE Violence is a three-pronged violence prevention strategy designed to 1) detect and interrupt planned violent activity 2) acknowledge behavioral changes of high-risk individuals and 3) acknowledge changing community norms. Credible messengers will be hired and trained on mediation best practices as they work to curb retaliation and de-escalate violence in communities with strong social tensions. **The City proposes to allocate $2.5 million for the implementation of the CURE Violence program in targeted communities.**

  The Credible Messenger Mentoring (CMM) program. This mentoring program was developed to mentor and train individuals who have been touched by the criminal justice system, so they can emerge as leaders and be equipped with the tools and resources to positively influence outcomes related to the safety and wellness of their respective communities. Designed to break generational cycles and alter adversarial life circumstances, CMM aims to serve 150 youth over a two-year period. CMM staff will mentor, guide, and train at-risk youth so they can be productive members of society without further involvement in the criminal justice system. **The City has already allocated $500,000 for the implementation of the Credible Messengers Mentoring program in targeted Houston communities.**

The Community Re-entry Network Program (CRNP). CRNP is designed to help formerly incarcerated individuals reintegrate into the community by providing access to workforce development tools, mental and behavioral health resources, housing, and other basic needs. To date, The Houston Health Department's (HHD) reentry program successfully reduced recidivism to 4.2% as compared to the state recidivism rate of 21.4%. To expand the program's footprint, HHD will collaborate with Harris County to implement these interventions and partner with community-based organizations to support program expansion. **The City will invest $1 million to increase the number of program participants from 500 to 750.**

- **Crime Prevention & Public Safety Awareness Campaigns**

The Houston Police Department, Office of Community Affairs will partner with City departments and external stakeholders to launch robust media campaigns to educate the community about crime trends and protective measures. Through the utilization of HPD's website, social media platforms, and positive interactions between law enforcement and the community, these campaigns will keep Houstonians informed and facilitate the public's access to key information throughout the year, allowing Houston residents to feel safe where they live work, and play.

- **Crime Stoppers**

Currently, business leaders and Crime Stoppers of Houston created a partnership that offers a cash reward payment up to $5,000 for anonymous information leading to the charging and/or arrest of any felony suspect. To further incentivize the reporting of violent felony suspects, the City of Houston will partner with local business leaders to increase rewards for gun-related information leading to the charging and/or arrest of any felony suspect for a period of ninety (90) days. The City of Houston will also partner with Crime Stoppers to:

  - Design a public safety campaign to educate the community on how to utilize the Crime Stoppers Tip Line and why it keeps communities safe;
  - Produce a public service announcement or digital media series with Mayor, Crime Stoppers, and victim families to demonstrate that Houston will not tolerate being a safe-haven for criminals;

- Develop and monthly insert a Crime Stoppers pamphlet in City of Houston water bills. This insert will highlight crime trends and offer prevention tips so people can be safe in their communities;
- Send monthly talking points to city universities, pastors, city council members, and law enforcement agencies regarding crime topics, trends, solutions and key prevention take-aways every month;
- Launch a city-wide billboard campaign with co-branded boards focused on tip line education and/or crime prevention messaging as needed; and
- Bolster the "Help Keep Our City Safe" campaign by encourage residents to anonymously report tips via the Crime Stoppers mobile application.

- **Faith-Based Interactions and Town Hall Discussions**

The City will work with faith-based leaders to help address the symptoms of violence and establish trust between police and the community. Faith-based leaders are instrumental in fostering an environment of peace and understanding. As a City, we must collectively condemn hate and open the lines of communication to facilitate communication and understanding so we can become a stronger and safer Houston.

Youth Outreach Programs

- **Hire Houston Youth (HHY)**

Since 2016, HPD has collaborated with HHY to hire youth between the ages of 16 and 24 to work in various assignments within the many divisions in HPD. Students have the opportunity to explore career options, experience and acquire training and skills needed for a successful path to higher education and future careers. **Added emphasis will be given to this initiative to promote more job opportunities in the range of 12,000 – 15,000 jobs this summer.**

- **Gang Prevention Outreach Program (G.P.O.P.)**

G.P.O.P. provides gang prevention and intervention programs for middle school students and presenting gang education and awareness to communities in the City of Houston. The goal is to prevent youth crime, violence and gang involvement while developing a positive relationship between youth, their families and law enforcement.

- **Greater Houston Police Activities League (GHPAL)**

GHPAL's mission is "to reduce juvenile crime and violence through "Relational Policing" which includes building trusting relationships between youth, law enforcement and the community." GHPAL members are between the ages of 8 and 18. The program includes mentorship (one-to-one or groups), athletic, enrichment, civic/service, recreational and educational opportunities throughout the City of Houston. GHPAL also works with a number of community partners and school districts to achieve its mission.

- **Explorers**

The Explorers Program focuses on educational training for youth on the purposes, mission and objectives of law enforcement. Youth between the ages of 14 and 20 are able to participate. Participants will experience career orientation, leadership, and community service opportunities that challenge them to become good citizens of our city and country.

- **Youth Police Advisory Council (YPAC)**

Established in 1997, the goal is to provide youth a forum to discuss events affecting their lives and community by having conversations with leaders from HPD and within the City of Houston. This level of interactions promotes trust and understanding between HPD and the youth.

- **Boys and Girls Club (BGC)**

Since 2007, in partnership with BGC in their afterschool program, HPD provides social, emotional and academic support through a mentorship program for youth between the ages of 7 and 17. Officers engage in one-to-one and small group mentoring sessions with the youth at the BGC locations throughout the city.

- **Teen and Police Academy Service Academy (TAPS)**

TAPS connects at risk youth and law enforcement officers in order to exchange ideas and learn from each other. This program combines the most valuable tenets of other successful programs such as the Citizens Police Academy, Explorers, and other community based initiatives to promote positive relationships between law enforcement and youth who are the most negatively impacted by violent crime.

Conclusion

We must come together as Houstonians to engage in the fight against violent crime and continue our legacy as one of the safest major cities in America. No one can escape accountability.

This plan represents a holistic approach to combatting violent crime on the streets while being responsive to the needs of victims and building healthier communities in the process. Law enforcement efforts alone will not sufficiently address the symptoms of crime. We are faced with a public health crisis, and it will require all of us, working together to overcome it.

The Turner Administration is committed to collaborating with community stakeholders to implement comprehensive public safety strategies in our fight to reduce violent crime.

This is a CAN DO CITY!

Together, we will emerge as One Safe Houston!

Appendix A - Project Cost Breakdown

One Safe Houston – Project Cost Breakdown	
	Additional City Funding
VIOLENCE REDUCTION & CRIME PREVENTION	
Patrol Enhancement	$5,739,880.00
Additional Parks Department Rangers	$1,915,200.00
Illegal Firearms – Gun Buyback Initiative	$1,000,000.00
Houston Forensic Science Center Backlog Funding	$1,500,000.00
CRISIS INTERVENTION, RESPONSE & RECOVERY	
CURE Violence Program	$2,500,000.00
Community Re-Entry Network Program	$1,000,000.00
Domestic Violence	$9,608,627.18
Mental Health Crisis Intervention	$21,384,178.00
Total	**$44,647,885.18**

Houston Police Department

Chief of Police Troy Finner

May 3, 2023

First Quarter 2023

- One Safe Houston
- Recruitment & Retention
- Rodeo & Final Four Events

(1)

ONE SAFE HOUSTON

One Safe Houston is a robust crime reduction initiative.

- ❑ Behavioral Health Programs
- ❑ Domestic and Sexual Abuse Responses
- ❑ Gun Buyback Initiatives
- ❑ Overtime (125 Program)
- ❑ Technology Investments (ALPRs, Gunshot Detection, Video Programs)
- ❑ Nuisance Locations
- ❑ Regular Media Updates and Council Briefings

ONE SAFE HOUSTON

Because of the hard work of our police department and the support of our Mayor and City Council, HPD **continues to report reductions** in every category of violent crime in 2023.

Year to Date
Citywide Crime Comparison

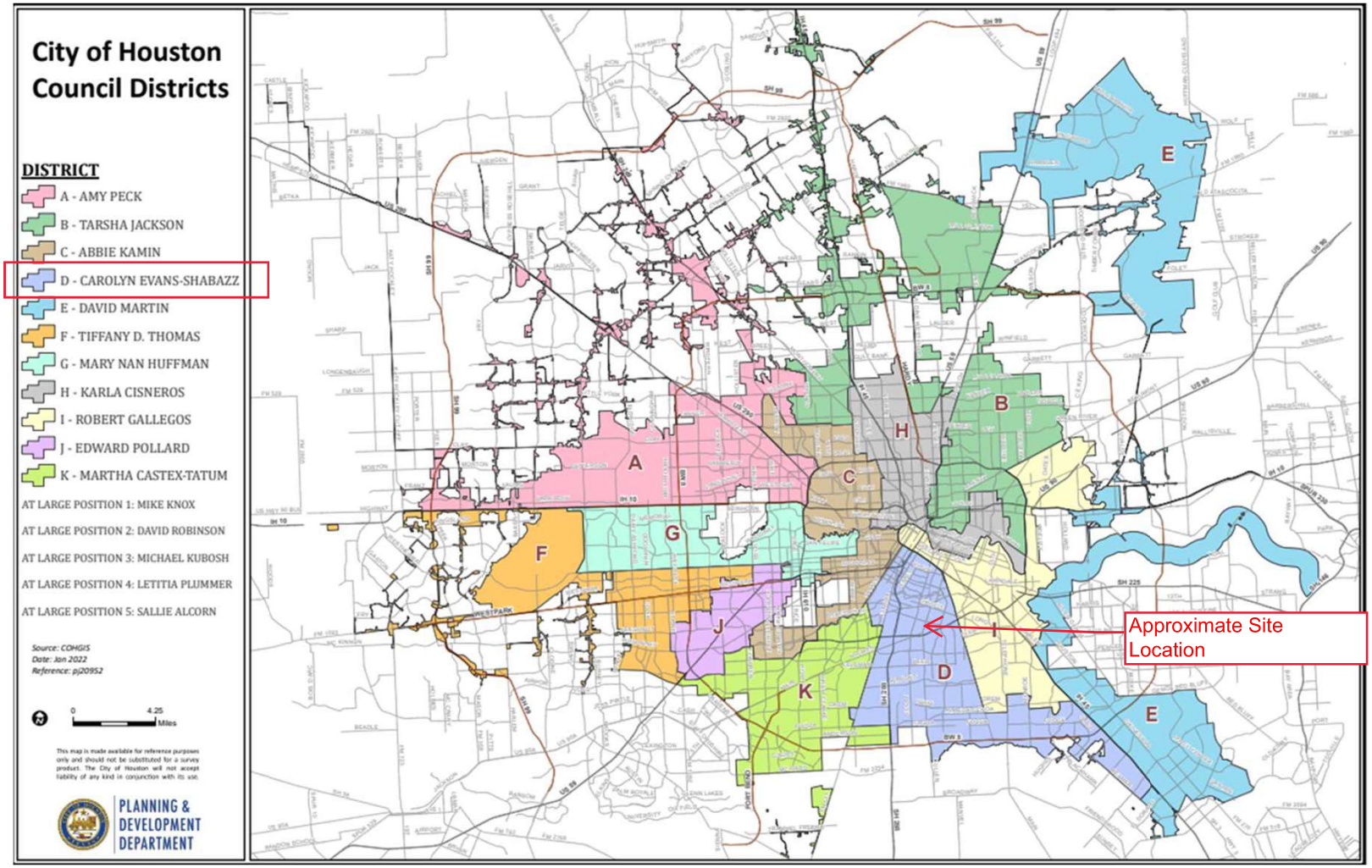
NIBRS Citywide Crime Comparison				
Offense Type	2022	2023	Change	% Change
Murder	152	109	-43	-28%
Rape	391	369	-22	-6%
Robbery	2,351	2,114	-237	-10%
Aggravated Assault	5,869	5,168	-701	-12%
Kidnapping	106	86	-20	-19%
Human Trafficking	26	20	-6	-23%
Violent Crime	8,895	7,866	-1,029	-12%
Auto Theft	5,395	6,176	781	14%
Burglary	4,437	4,507	70	2%
Theft	24,982	22,519	-2,463	-10%
Non-Violent Crime	34,814	33,202	-1,612	-5%
Grand Total	43,709	41,068	-2,641	-6%

Preliminary violent crime totals for April 2023 are trending 12% below last year.

SOURCE: NIBRS | Office of Planning & Data Governance | 04.28.23

PLEASE NOTE: Numbers subject to change pending further reporting and/or investigation.

First Quarter 2023 Crime by Council District



District D
Council Member Evans-Shabazz

Offense Type	2022	2023	Change	% Change
Murder	15	12	-3	-20%
Rape	41	37	-4	-10%
Robbery	205	193	-12	-6%
Aggravated Assault	678	501	-177	-26%
Kidnapping	5	3	-2	-40%
Human Trafficking	2	1	-1	0%
Violent Crime	946	747	-199	-21%
Auto Theft	329	399	70	21%
Burglary	372	372	0	0%
Theft	1,638	1,273	-365	-22%
Non-Violent Crime	2,339	2,044	-295	-13%
Grand Total	3,285	2,791	-494	-15%

Violent crime is DOWN 21% in 2023.

SOURCE: NIBRS | Office of Planning & Data Governance | 04.28.23

PLEASE NOTE: Numbers subject to change pending further reporting and/or investigation.

ONE SAFE HOUSTON

VIOLENT AND OVERALL CRIME DECREASING IN HOUSTON

In a positive crime summary report to Houston City Councilmembers Wednesday, August 31, 2022, Houston Police Chief Troy Finner shared that **violent crime in the City of Houston is down by 10% and overall crime is down 5% compared to the same time period one year ago**.

The city's murder rate, which showed an increase of more than 70% earlier this year, is **now down 1% compared to this time last year.** Unofficially, the city has recorded 300 murders in the first eight months of this year compared to 304 in the first eight months of 2021.

A second major violent crime category of robbery is also down 7%. "It's important that we get the numbers and facts right when we look at crime in our city so leaders around our city can have the right information," said Chief Finner.

Following the presentation, Chief Finner added, "We want our citizens to know that the men and women of HPD, our civilian staff, as well as our community, are all collectively fighting crime and making a positive difference."

On March 1, 2022, Mayor Sylvester Turner joins the Houston Police Department at the 38th Annual March on Crime news conference.

Click here to view news conference.

The Chief went on to thank Mayor Sylvester Turner and Houston City Council for their support. Chief Finner specifically highlighted the **Mayor's "One Safe Houston" program, which includes the overtime funding of 125 additional officers per day.**

The full presentation by Chief Finner and HPD Assistant Chief Milton Martin to the City Council can be viewed on the above YouTube video.

The Chief's PowerPoint presentation, including year-to-date crime numbers in each City Council District, is available here.

On May 13, 2022, Mayor Turner and Police Chief Troy Finner met with President Joe Biden discussing his One Safe Houston initiative in combating violent crime in Houston.

https://www.fox26houston.com/news/mayor-turner-chief-finner-meet-with-president-biden-to-discuss-increased-crime-in-houston

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INTERLOCAL AGREEMENT FOR LAW ENFORCEMENT SERVICES BETWEEN HARRIS COUNTY AND GREATER SOUTHEAST MANAGEMENT DISTRICT

THIS AGREEMENT is made and entered into by and between **HARRIS COUNTY, TEXAS** hereinafter referred to as the "County," acting by and through its governing body, the Harris County Commissioners Court, and the **GREATER SOUTHEAST MANAGEMENT DISTRICT** (the "District") acting by and through its governing body.

RECITALS:

This Agreement is made pursuant to chapter 791 of the Texas Government Code, which authorizes contracts between counties and local governments for the performance of governmental functions and services; and

The District desires to obtain the services of the Harris County Constable Precinct 7 (the "Constable") to provide law enforcement services within District's geographical area as further defined in Exhibit "A".

NOW THEREFORE, the County and the District, in consideration of the mutual covenants and agreements herein contained, do mutually agree as follows:

TERMS:

I.
TERM

1.1 The services to be performed under this Agreement shall begin on October 1, 2024, and end on September 30, 2025. This Agreement can be terminated sooner in accordance with the provisions of Section IV.

II.
SERVICES

2.1 The County agrees to authorize the Constable to provide 4 officer(s) to devote eighty percent (80%) of their working time to provide law enforcement services related to the District's geographical area (the "area"), as further defined in Exhibit "A", attached hereto and made a part hereof. "Law enforcement services" include, but are not limited to, patrolling, preparing reports, appearing in court, investigating crimes, arresting persons, and transporting suspects.

2.2 As used herein, the phrase "working time" is defined as follows: the usual or normal hours that the Constable's officers are required to work in any calendar month, and does not include any extra or overtime work. The consideration for the law enforcement services provided herein includes a share of the costs to the County for such times when officers are not available. Vacation and sick leave are earned through County

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service, and funeral leave is a benefit available to County employees. Therefore, "working time" shall not include vacation, sick leave, funeral leave or other county-benefit leave, and it is not anticipated that the Constable will authorize substitute officers to work within the area when the regularly assigned officers are not available.

2.3 The Constable shall retain control and supervision of the officers performing services under this agreement to the same extent as he does other officers. The District understands and agrees that this Agreement is not intended, nor shall it be construed, to obligate the Constable to assign officers to devote any portion of their working time to the area, including but not limited to circumstances like officer funerals and natural disasters.

2.4 As the Constable retains control and supervision of the officers and services, the District may not, based on late payment or non-payment by one of its members to the District of funds for District operations, or the law enforcement services of the Constable, limit or deny access of such members to the services of the Constable. All members shall be provided the same telephone numbers and electronic access means to contact the Constable.

III.
CONSIDERATION FOR SERVICES

3.1 The District agrees to pay the County the sum of $397,120.00 for 4 officer(s) for a total sum of THREE HUNDRED NINETY SEVEN THOUSAND, ONE HUNDRED TWENTY AND NO/100 DOLLARS ($397,120.00) to be used by the County for the purpose of paying eighty percent (80%) of the full-time equivalent cost to the County for supplying the law enforcement services, including salaries, benefits, vacation, sick leave, and any additional expenses the County may incur in providing the services under this Agreement. Each party paying for the performance of governmental functions or services must make those payments from current revenues available to the paying party.

The District agrees to make payments on the total sum in installments, which are due and payable, without demand, on the following dates in the amounts set forth next to the dates:

September 20, 2024	$33,093.00
October 20, 2024	$33,093.00
November 20, 2024	$33,093.00
December 20, 2024	$33,093.00
January 20, 2025	$33,093.00
February 20, 2025	$33,097.00
March 20, 2025	$33,093.00
April 20, 2025	$33,093.00
May 20, 2025	$33,093.00
June 20, 2025	$33,093.00
July 20, 2025	$33,093.00
August 20, 2025	$33,093.00

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The monthly installments are due and payable before 10:00 a.m. at the office of the County Treasurer, Dept. 101, P.O. Box 4354, Houston, TX 77210-4354. If the County provides the option, payment may be made by same time and date by electronic means to an account designated by the County.

Regarding the first payment due on September 20, 2024, the first payment is due on the latter of September 20, 2024 or five (5) days after the District receives a fully executed copy of this Agreement from the County.

IV.
DEFAULT AND TERMINATION

4.1 The District understands and agrees that if the County does not receive the monthly payments within thirty (30) days of the date due, the County is authorized to terminate this Agreement without further notice. The County's failure to make demand for payments due is not a waiver of the District's obligation to make timely payment.

4.2 If the District defaults in the payment of any obligation hereunder, the District is liable to the County for an interest assessment of one percent (1%) on the unpaid amount. Interest shall thereafter compound monthly at one percent (1%) on unpaid amounts and interest assessments from the date of default until paid. This interest is in addition to any monies due for law enforcement services rendered hereunder. Interest on all past due amounts shall not exceed the maximum amount of nonusurious interest that may be contracted for, taken, charged, or received under law. Any interest in excess of that maximum amount shall be refunded. The District is also liable for attorney's fees and costs should the matter have to go to litigation for collection.

4.3 If the District is dissatisfied in any way with the performance of the County, the Constable or the officers under this Agreement, the District's sole remedy is termination under Section 4.4.

4.4 Either party may terminate this Agreement prior to the expiration of the term set forth in this Agreement, with or without cause, upon thirty (30) days prior written notice to the other party. The County will submit an invoice to the District showing the amounts due for the month in which termination occurs. The District agrees to pay the final invoice within ten (10) days of receipt.

4.5 If this Agreement is terminated at any time other than at the end of a contract month, the monthly installment or payment for such contract month will be prorated, less any unpaid amounts and interest under Paragraph 4.2.

4.6 In the event the Constable informs Commissioners Court and the District in writing that due to position vacancy or elimination occurring on or after October 1, 2024, the Constable cannot or will not provide 4 officer(s) to devote eighty percent (80%) of their working time to provide law enforcement services related to the District's geographical

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area, and provided that the District has prepaid its sum and further provided that such notice from the Constable identifies that such vacancy or elimination was of a position that served or facilitated service to the District, the District shall receive a refund equal to the number of days between the date of the Constable's notice and a subsequent meeting of Commissioners Court at which Commissioners Court amends or terminates the Agreement.

V.
NOTICE

5.1 Any notice required to be given under the provisions of this Agreement shall be in writing and shall be duly served when it shall have been deposited, enclosed in a wrapper with the proper postage prepaid thereon, and duly registered or certified, return receipt requested, in a United States Post Office, addressed to the parties at the following addresses:

To the County: Harris County
Harris County Administration Building
1001 Preston, Suite 610
Houston, Texas 77002
Attention: Clerk, Commissioners Court

with a copy to: Constable May Walker
Harris County Constable
5290 Griggs Road
Houston, Texas 77021

To the District: Greater Southeast Management District
5445 Almeda Rd., Suite 503
Houston, Texas 77004
Attention: Brian Smith, President

5.2 Either party may designate a different address by giving the other party ten days' written notice.

VI.
MERGER

6.1 The parties agree that this Agreement contains all of the terms and conditions of the understanding of the parties relating to the subject matter hereof. All prior negotiations, discussions, correspondence and preliminary understandings between the parties and others relating hereto are superseded by this Agreement.

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VII.
MISCELLANEOUS

7.1 This instrument contains the entire Agreement between the parties relating to the rights granted and the obligations assumed. Any oral or written representations or modifications concerning this instrument shall be of no force and effect excepting a subsequent modification in writing signed by both parties.

7.2 Unless otherwise consented to and approved by Commissioners Court, agreement modifications that increase funding, personnel positions or geographical area can only be approved on a quarterly basis, and the effective date must coincide with the beginning of a pay period. Agreement modifications that decrease funding, personnel positions or geographical area may be approved at a regularly scheduled meeting of Commissioners Court, and the effective date must coincide with the end of a pay period, unless otherwise agreed to by the parties.

7.3 This Agreement may be executed in multiple counterparts, each having equal force and effect of an original.

7.4 This Agreement is not in effect until it has been signed by the District and it has received the approval by the Harris County Commissioners Court and the Constable.

Docusign Envelope ID: 26787B1C-5913-440E-9C29-AE1FEE3E1B77

APPROVED AS TO FORM:

CHRISTIAN D. MENEFEE
County Attorney

By _____
Kevin G. Markowski
Assistant County Attorney
C.A. File No. 24GENI1244

HARRIS COUNTY

By _____
LINA HIDALGO
County Judge

Date Signed: September 19, 2024

APPROVED:

_____
MAY WALKER
Harris County Constable Precinct 7

ATTEST:

GREATER SOUTHEAST MANAGEMENT DISTRICT
(District)

By _____
Name: Janice M. Sibley-Reed
Secretary

By _____
Title: CHAIRMAN

Date Signed: 14 AUG. 24

APPROVED AS TO FORM:

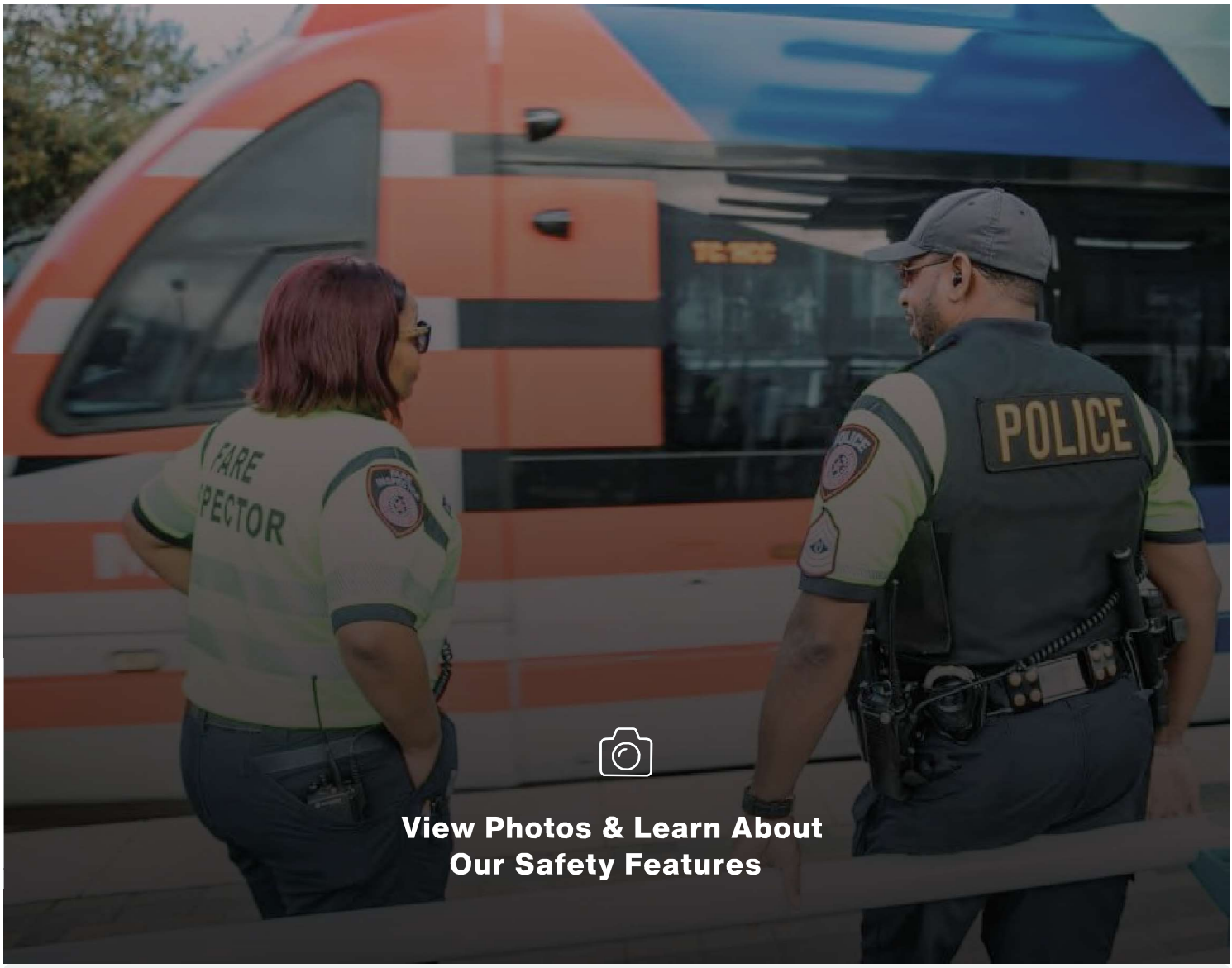
By _____
Attorney

METRO Police Department (MPD)

Non-emergency: 713-224-COPS or #MPD on your smartphone

Emergency: Call 911

Your safety is our No. 1 priority. MPD officers are licensed by the Texas Commission on Law Enforcement. Every day, they patrol area streets, roadways and METRO facilities. Fare inspectors along METRORail and METRORapid lines act as an extra set of eyes and ears, making sure you feel safe. They also provide customer service by helping with fare-related issues, trip planning questions and more.



View Photos & Learn About Our Safety Features

Crime-Fighting Technology

We support MPD with investments in technology. This includes:

- **Body cameras** on all sergeants and officers, automatically activated when a weapon is drawn
- Video Surveillance of all buses, trains, rail station platforms, Park & Ride lots and transit centers
- **Security monitoring system** on select buses, with video screen mounted directly behind area where operator sits,

- **Emergency call button** at METRORail stations, METRORapid stations and Park & Ride lots

We also make it easy for you to reach MPD through the **MPD Connect App** for your smartphone. Use it to:

- Call METRO Police
- Submit a Report
- Provide feedback
- See service alerts
- Get motorist assistance

If You See Something, Say Something.

Download the MPD Connect App for free from Google Play (for Android phones) or the App Store (for Apple iOS).

Crime Statistics

“Major crime” may not mean physical injury. For instance, robbery or “theft from persons” (like having a smartphone swiped) is considered a major crime. Based on data below, over its past five fiscal years, METRO averaged **approximately one major crime for every 133,155 rides total** across the services listed below.

Oct. 2022-Sept. 2023
67 million
460
1 per 144,487 rides

Oct. 2021-Sept. 2022
55 million
607
1 per 90,610 rides

Oct. 2020-Sept. 2021
43 million
374
1 per 114,973 rides

Oct. 2019-Sept. 2020
62 million
478
1 per 129,707 rides

See More Questions

Subscribe to METRO **e-newsletter**

Join METRO Feedback Loop **panel**

Learn about METRO **careers**

1900 Main St.

Houston, Texas 77002

713-635-4000

713-635-6993 (TTY)

Other Contact Numbers

About

Who We Are

Board Meetings

Business to Business

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Records & Reports

News & Media

Careers

Questions & Answers

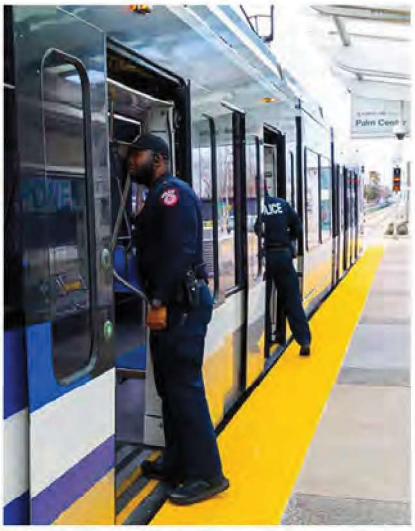
Riding METRO

Transit Services

Fares

All About Fares

Your Safety is Our No. 1 Priority



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METRO has its own police department – **MPD** – with officers licensed by the Texas Commission on Law Enforcement. They provide security, pedestrian and traffic control, and are integrated into citywide emergency management. You'll see MPD officers on segways, in patrol units and riding the trains.

Every day, officers patrol area streets, roadways and METRO facilities.

Plus, we have specialized units, including uniformed and plain-clothes officers on the system (so you never know who may be sitting next to you) and a K-9 unit which sniffs out explosives and illegal drugs.

Your Safety is Our No. 1 Priority

2 / 22

Pictured is Houston Police Department Chief Troy Finner.

The METRO Police Department has partnerships with other law enforcement agencies, including the Houston Police Department. Our partners are a critical resource. In fact, any officer from any of our partner law enforcement agencies can ride the system for free, whether they're in or out of uniform.

Plus, we share information across agencies on an ongoing basis, including monthly crime data, so that we can be strategic in our deployment.

Your Safety is Our No. 1 Priority

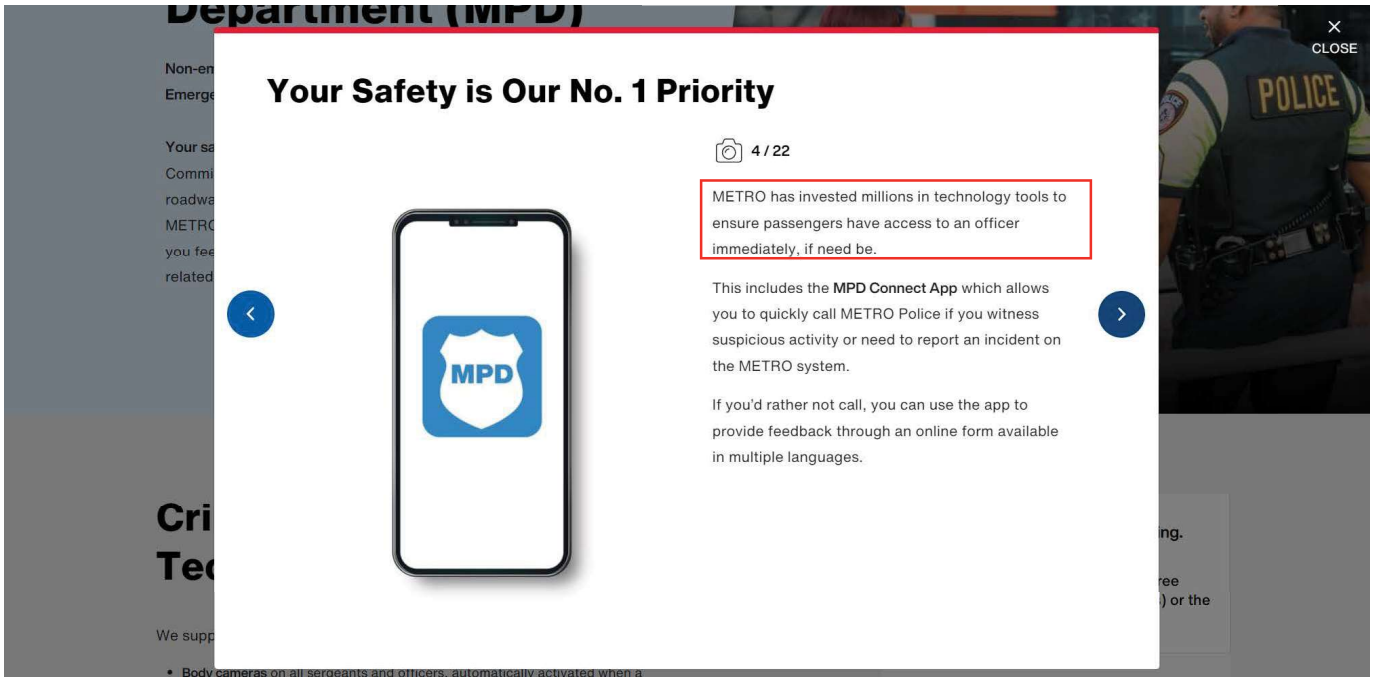
3 / 22

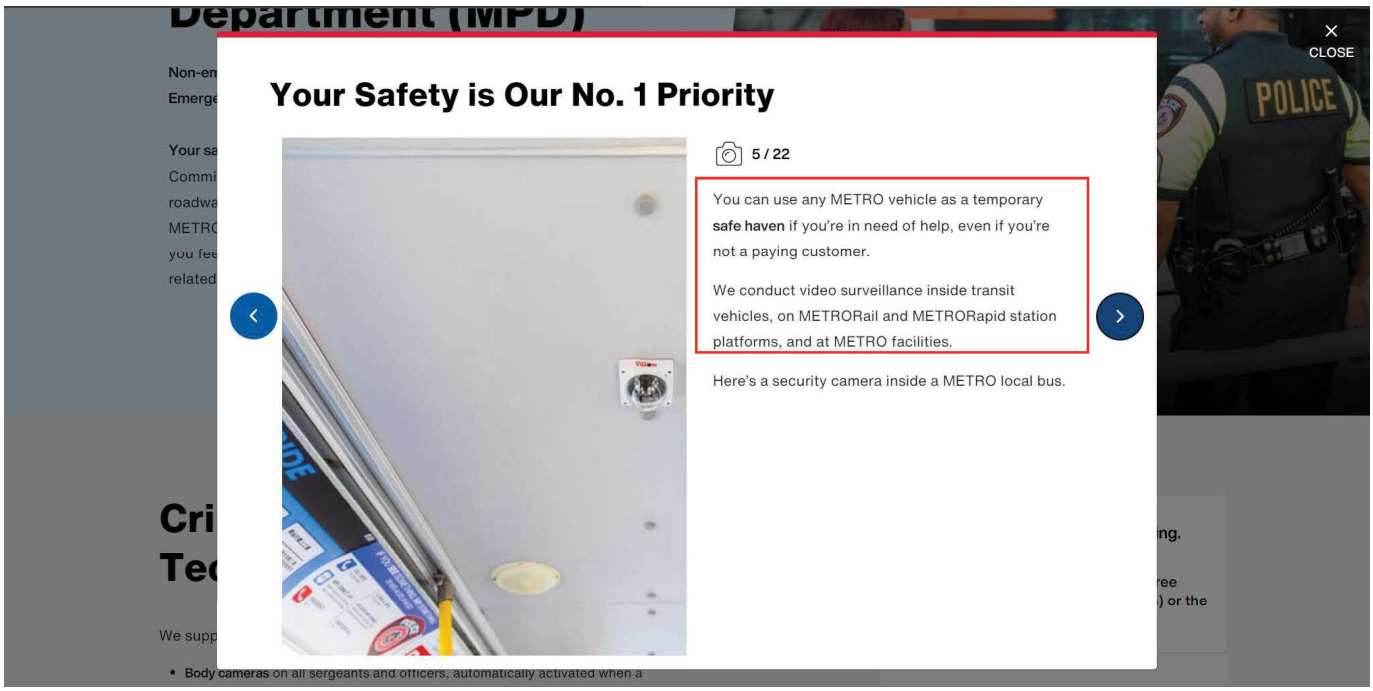
We understand everything from gun violence to people living with homelessness are social ills we're all obligated to address, and METRO is doing its part.

It's the reason MPD started the C.A.R.E. unit. Uniformed and non-uniformed team members are pictured here.

C.A.R.E. stands for Crisis, Assessment, Response and Engagement. It's an outreach team with the police department to help people in crisis living on the streets or using public transit as shelter.

MPD also has an officer assigned to the Houston Police Department's Homeless Outreach team.





Questions or Comments? Let Us Know! | Customer Service: 713-635-4000 (call or text) | Connect With Us

METRO | Riding METRO | Fares | Alerts | About | Search | Buy / Reload

On this page, you can get answers to common questions about riding METRO, all in one place.

- Transit Services
- Accessing METRO
- Safety & Security
  - Your Safety
  - METRO Police
    - About MPD
    - Contacting MPD
    - Feedback / Complaints
    - Other
- Apps for your Phone
- Rider Rewards

Safety & Security

METRO Police

About MPD

What does the METRO Police Department do?

The METRO Police Department (MPD) is a full-time, full-service police agency of sworn Texas Peace Officers and civilian staff members. They patrol area streets, roadways and METRO facilities on foot and by using police cars, motorcycles, bicycles and segways. MPD plays a large role in special events and emergency response situations. Plus, the MPD canine force sniffs out explosives. Behind the scenes, MPD's investigative unit helps solve crimes and make arrests, aided by surveillance cameras on buses, trains, Park & Ride lots and transit centers.

Accessing METRO
Safety & Security
Your Safety
METRO Police
About MPD
Contacting MPD
Feedback / Complaints
Other
Apps for your Phone
Rider Rewards

METRO Police

About MPD

What does the METRO Police Department do?

Does MPD work with other law enforcement agencies?

Yes. MPD maintains a cooperative working relationship with all law enforcement agencies within the METRO service area to fight crime and solve cases.

It's also partnered with the U.S. Department of Homeland Security to alert the community about potential threats and what to do in response.

MPD also participates in:

- Federal Bureau of Investigation (FBI) Joint Terrorism Task Force
- Houston Police Department Regional Auto Theft Task Force
- Houston Police Homeless Outreach Unit
- Houston Police Fusion Center
- Crime Stoppers of Houston

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Safety & Security

METRO Police

About MPD

What does the METRO Police Department do?

Does MPD work with other law enforcement agencies?

Do MPD officers have the same authority as Houston Police Department officers?

Yes, MPD officers are licensed by the Texas Commission on Law Enforcement. They have the same law enforcement authority as other licensed peace officers in the State of Texas, including Houston Police Department officers.

Questions or Comments? Let Us Know! | Customer Service: 713-635-4000 (call or text) | Connect With Us

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About MPD
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What does the METRO Police Department do?

Does MPD work with other law enforcement agencies?

Do MPD officers have the same authority as Houston Police Department officers?

What types of crime does the MPD investigate?

What is MPD's jurisdiction?

It's defined as any part of the county in which the one cent METRO sales tax is collected. This area spans more than approximately 1,300 square miles, which includes most of Harris County and portions of Montgomery, Fort Bend and Waller Counties. The METRO service area crosses several political jurisdictions and METRO Police shares jurisdiction with those police agencies. However, MPD is the primary agency whenever an incident occurs on METRO property. MPD also has primary jurisdiction of the High Occupancy Vehicle (HOV) / High Occupancy Toll (HOT) lane network, along with other locations where transit-related incidents occur.

Exhibit G

HARRIS COUNTY CONSTABLE PRECINCT 7

CONSTABLE JAMES "SMOKIE" PHILLIPS

August 21, 2025

Teresa Morales
Director of Multifamily Bonds and Administrator of 4% Housing Tax Credits
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78701

RE: Bernicia Place Support

Dear Ms. Morales,

The Harris County Constable Precinct 7 Office was advised that the Harris County Housing Authority will be applying to the Texas Department of Housing and Community Affairs (TDHCA) for the proposed elderly development, Bernicia Place, that will be located within Precinct Seven (7) and Greater Southeast Management District boundaries. As the elected Harris County Constable for Precinct 7, I am writing to voice my support for the proposed development and to provide information on the current mitigation efforts taking place in the Harris County Constable Precinct Seven (7) jurisdiction.

In 2024, Harris County entered into an agreement with the Greater Southeast Management District (GSMD) to provide law enforcement services from Constable Precinct Seven (7) to the area. As part of the agreed services, four (4) deputies dedicate 80% of their time fighting crime within the GSMD. The services include patrols, crime investigation, and arrests.

Our targeted efforts are centered on proactive crime prevention and fostering community engagement. Precinct has different dedicated divisions to better serve constituents, with divisions dedicated for civil processes, patrol/traffic, public relations, toll road, and warrants. Units to further promote public safety include bicycle, K-9, environmental, domestic violence, and crime victim assistance units. Precinct Seven (7) also creates monthly analysis reports to evaluate the data such as patrol activity, the number and type of security checks, arrests made, and service calls. Through such data we are able to tailor our services to better fit the community's needs.

Senior safety is part of the top priorities for the Precinct, ensuring they are not only protected but also have resources and assistance needed for a high quality of life. As Constable for Precinct Seven (7), I believe that the Development will be a vital resource for the community and that it will promote a high quality of life for the underserved seniors of Houston and Harris County. As a transit-oriented development, Bernicia Place brings an exciting new option to affordable housing. The proximity of public transit is significantly beneficial for seniors, who may be more likely to rely on public transit due to medical reasons or disabilities.

Thank you for your consideration. Please let me know if you have any further questions or require further documentation. I can be reached at James.Phillips@cn7.hctx.net or (713)643-6618.

Sincerely,

James "Smokie" Phillips,
Constable Harris County

Exhibit H

Texas Education Agency

2022 Accountability Ratings Overall Summary

PECK EL (101912217) - HOUSTON ISD - HARRIS COUNTY

Accountability Rating Summary

	Component Score	Scaled Score	Rating
Overall		**87**	B
Student Achievement		**73**	C
STAAR Performance	45	73	
College, Career and Military Readiness			
Graduation Rate			
School Progress		**88**	B
Academic Growth	80	88	B
Relative Performance (Eco Dis: 96.0%)	45	82	B
Closing the Gaps	**88**	**83**	B

Identification of Schools for Improvement

This campus is NOT identified for comprehensive support and improvement, targeted support and improvement, or additional targeted support.

Distinction Designations

✗ **ELA/Reading**

✗ **Mathematics**

✓ **Science**

Not Eligible **Social Studies**

✗ **Comparative Academic Growth**

✓ **Postsecondary Readiness**

✓ **Comparative Closing the Gaps**

Texas Education Agency

2022 Accountability Ratings Overall Summary

CULLEN MIDDLE (101912044) - HOUSTON ISD - HARRIS COUNTY

Accountability Rating Summary

	Component Score	Scaled Score	Rating
Overall		**70**	C
Student Achievement		**55**	**Not Rated: Senate Bill 1365**
STAAR Performance	27	55	
College, Career and Military Readiness			
Graduation Rate			
School Progress		**69**	**Not Rated: Senate Bill 1365**
Academic Growth	65	69	Not Rated: Senate Bill 1365
Relative Performance (Eco Dis: 97.6%)	27	60	Not Rated: Senate Bill 1365
Closing the Gaps	**36**	**72**	C

* To align with Senate Bill 1365, a Not Rated label is used when the domain or overall scaled score is less than

Identification of Schools for Improvement

This campus is identified for targeted support and improvement.

Distinction Designations

- X **ELA/Reading**
- X **Mathematics**
- X **Science**
- X **Social Studies**
- X **Comparative Academic Growth**
- X **Postsecondary Readiness**
- X **Comparative Closing the Gaps**

Texas Education Agency

2022 Accountability Ratings Overall Summary

YATES H S (101912020) - HOUSTON ISD - HARRIS COUNTY

Accountability Rating Summary

	Component Score	Scaled Score	Rating
Overall		**67**	**Not Rated: Senate Bill 1365**
Student Achievement		**59**	**Not Rated: Senate Bill 1365**
STAAR Performance	29	55	
College, Career and Military Readiness	33	65	
Graduation Rate	79.2	55	
School Progress		**70**	C
Academic Growth	63	70	C
Relative Performance (Eco Dis: 96.4%)	31	63	Not Rated: Senate Bill 1365
Closing the Gaps	**13**	**61**	**Not Rated: Senate Bill 1365**

* To align with Senate Bill 1365, a Not Rated label is used when the domain or overall scaled score is less than

Identification of Schools for Improvement

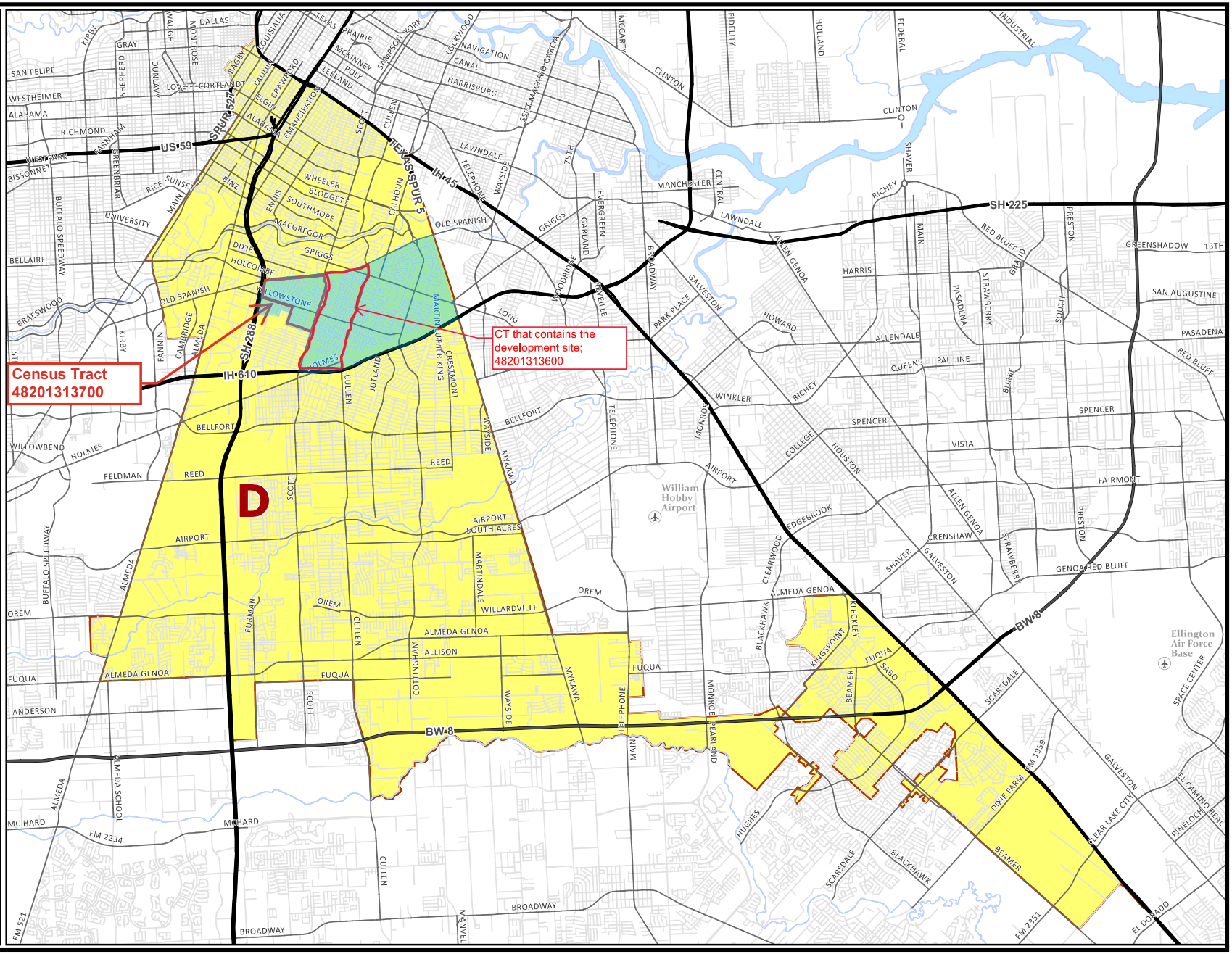
This campus is identified for additional targeted support.

Distinction Designations

- X **ELA/Reading**
- X **Mathematics**
- X **Science**
- X **Social Studies**
- X **Comparative Academic Growth**
- X **Postsecondary Readiness**
- X **Comparative Closing the Gaps**

City of Houston

Council District D
Carolyn Evans-Shabazz



Council District D

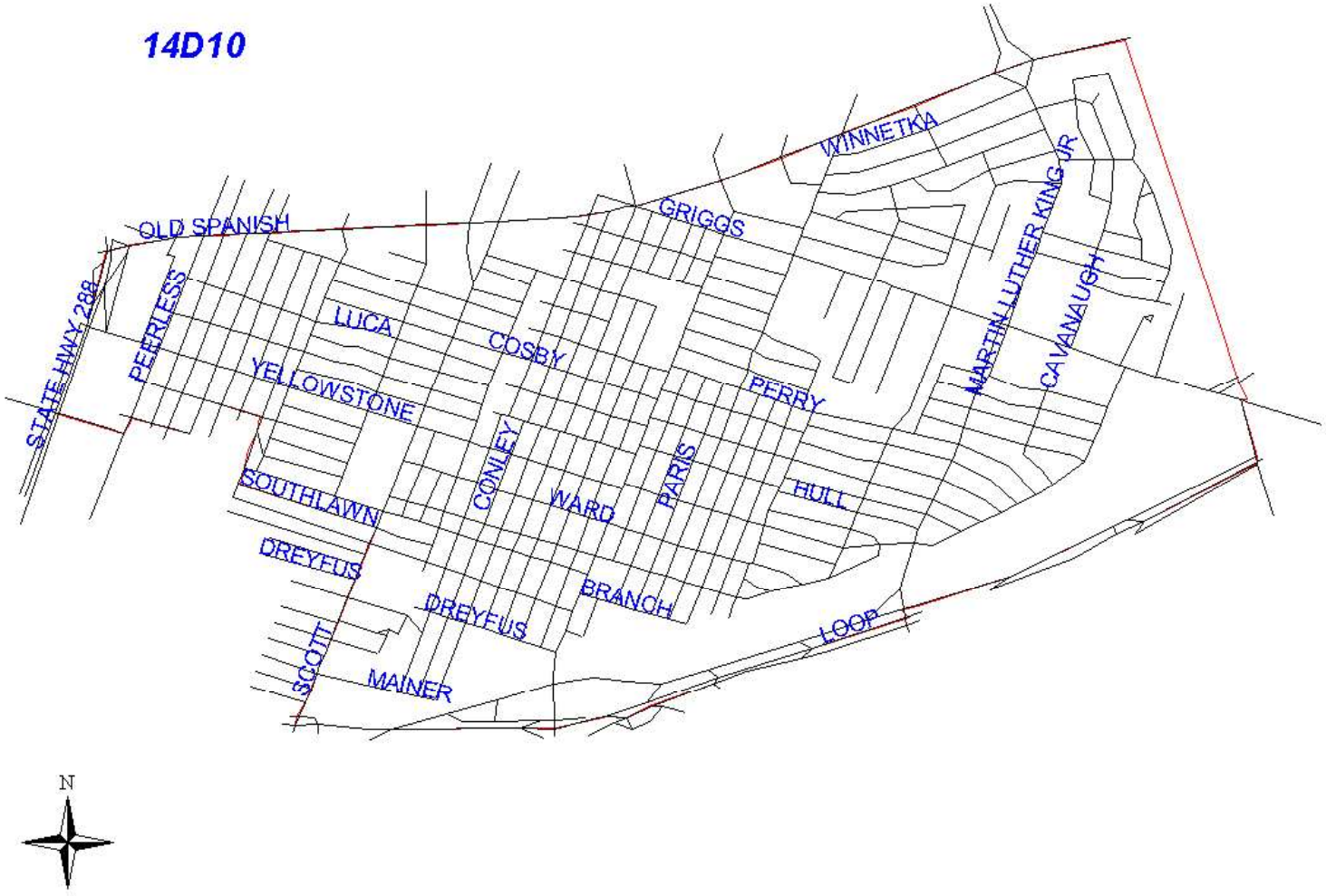
Police Beat 14D10

Source: COHGIS Database
Date: February 2024
Reference: pj26286

0 0.45 0.9 1.35 Miles

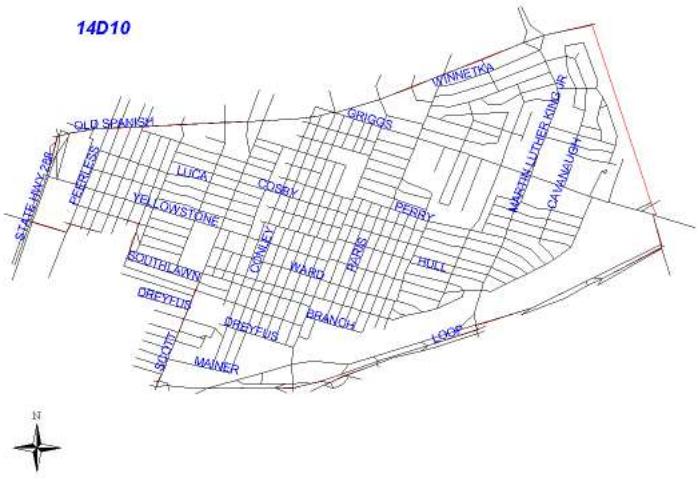
This map is made available for reference purposes only and should not be substituted for a survey product. The City of Houston will not accept liability of any kind in conjunction with its use.

PLANNING & DEVELOPMENT DEPARTMENT


14D10
WINNETKA
GRIGGS
OLD SPANISH
STATE HWY 288
PEERLESS
LUCA
COSBY
YELLOWSTONE
PERRY
MARTIN LUTHER KING JR
CAVANAUGH
SOUTHLAWN
CONLEY
WARD
PARIS
HULL
DREYFUS
BRANCH
DREYFUS
LOOP
SCOTT
MAINER
N

POLICE DEPARTMENT

Crime Statistics For 14D10'S Beat



Click on map for larger, more detailed image

Beat Description and Boundary:

The boundary begins at the intersection of Old Spanish Trail and South Freeway (Highway 288) and goes east on Old Spanish Trail to the H.B. and T. Railroad. Old Spanish Trail is in 14D10's beat. It turns south at the H.B. and T. Railroad tracks to the South Loop. It turns west on the South Loop and goes to Scott Street. The South Loop is in the jurisdiction of 14D10. The boundary turns north and goes to Southlawn. Scott street is the responsibility of 14D20's beat. At Southlawn, the boundary turns west to Winton, north on Winton to Ward, west on Ward to Lozier, South on Lozier to Idaho, west on Idaho to Del Rio, south on Del Rio to streets are the jurisdiction of 14D10. The boundary goes north on the South Freeway to Old Spanish Trail where it begins. The South Freeway is the responsibility of 14D10. The boundary goes north

POLICE DEPARTMENT I

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on the South Freeway to Old Spanish Trail where it begins. The South Freeway is the responsibility of 14D10's beat.

Landmarks and Neighborhoods Within This Beat:

McGregor Terrace, Riverside Terrace

ZIP Codes Within This Beat (see note below on ZIP codes and beats):

77021
77033
77051

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District D
Council Member Evans-Shabazz

Year to Date 2023

Council District D	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year Total
Murder	5	5	2	5	4	4	6	9	9	4	8	6	**67**
Sexual Assault	13	14	22	17	17	18	11	17	14	9	12	19	**183**
Robbery	58	66	75	67	74	66	56	67	89	46	62	64	**790**
Aggravated Assault	175	150	247	185	222	197	198	201	180	197	195	189	**2,336**
Kidnapping	2	1	1	9	1	1	8	8	6	2	3	2	**44**
Human Trafficking	1				1			1				1	**4**
Violent Crime	**254**	**236**	**347**	**283**	**319**	**286**	**279**	**303**	**298**	**258**	**280**	**281**	**3,424**
Auto Theft	156	123	168	170	161	195	186	162	163	170	145	129	**1,928**
BMV/TMV	314	260	286	314	328	321	287	244	256	332	295	278	**3,515**
Burglary	155	148	116	107	108	110	158	116	123	133	120	132	**1,526**
Theft	275	207	277	255	259	234	301	267	268	276	260	305	**3,184**
Non-Violent Crime	**900**	**738**	**847**	**846**	**856**	**860**	**932**	**789**	**810**	**911**	**820**	**844**	**10,153**
Grand Total	**1,154**	**974**	**1,194**	**1,129**	**1,175**	**1,146**	**1,211**	**1,092**	**1,108**	**1,169**	**1,100**	**1,125**	**13,577**

Year to Date 2024

Council District D	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year Total
Murder	2	1	4	5	7	3	2	4	5	4	3	4	**44**
Sexual Assault	9	19	20	19	21	27	18	23	18	27	17	12	**230**
Robbery	64	60	59	86	82	61	62	69	92	71	68	53	**827**
Aggravated Assault	182	206	221	211	261	255	246	216	205	237	200	197	**2,637**
Kidnapping	6		1	1	3	2	2	1	4	1	1		**22**
Human Trafficking			1	1			3		1	1			**7**
Violent Crime	**263**	**286**	**306**	**323**	**374**	**348**	**333**	**313**	**325**	**341**	**289**	**266**	**3,767**
Auto Theft	133	106	136	132	110	120	119	121	108	120	95	100	**1,400**
BMV/TMV	257	265	314	278	290	279	257	275	298	265	295	303	**3,376**
Burglary	111	96	97	118	162	146	250	154	146	150	129	163	**1,722**
Theft	258	258	230	281	255	271	290	314	319	304	249	284	**3,313**
Non-Violent Crime	**759**	**725**	**777**	**809**	**817**	**816**	**916**	**864**	**871**	**839**	**768**	**850**	**9,811**
Grand Total	**1,022**	**1,011**	**1,083**	**1,132**	**1,191**	**1,164**	**1,249**	**1,177**	**1,196**	**1,180**	**1,057**	**1,116**	**13,578**

Council District D	2023	2024	Diff	% Chg
Murder	**67**	**44**	**-23**	**-34.3%**
Sexual Assault	**183**	**230**	**47**	**25.7%**
Robbery	**790**	**827**	**37**	**4.7%**
Aggravated Assault	**2,336**	**2,637**	**301**	**12.9%**
Kidnapping	**44**	**22**	**-22**	**-50.0%**
Human Trafficking	**4**	**7**	**3**	**75.0%**
Violent Crime	**3,424**	**3,767**	**343**	**10.0%**

Council District D	2023	2024	Diff	% Chg
Auto Theft	**1,928**	**1,400**	**-528**	**-27.4%**
BMV/TMV	**3,515**	**3,376**	**-139**	**-4.0%**
Burglary	**1,526**	**1,722**	**196**	**12.8%**
Theft	**3,184**	**3,313**	**129**	**4.1%**
Non-Violent Crime	**10,153**	**9,811**	**-342**	**-3.4%**
Grand Total	**13,577**	**13,578**	**1**	**0.0%**

Violent crime is UP by 343 incidents (10%) in 2024.

Source: NIBRS | HPD Office of Planning & Data Governance | 01.14.25

PLEASE NOTE: Numbers are subject to change pending further reporting and/or investigation.

District D
Council Member Evans-Shabazz

Year to Date 2024

Council District D	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year Total
Murder	2	1	4	5	7	3	2						24
Sexual Assault	12	19	21	20	23	28	18						141
Robbery	64	60	61	86	84	61	62						478
Aggravated Assault	182	209	222	212	265	257	246						1,593
Kidnapping	6		1	1	3	2	2						15
Human Trafficking			1	1			3						5
Violent Crime	**266**	**289**	**310**	**325**	**382**	**351**	**333**						**2,256**
Auto Theft	135	106	136	135	112	119	120						863
BMV/TMV	261	267	314	281	296	280	261						1,960
Burglary	113	98	97	120	162	147	250						987
Theft	264	269	236	285	263	277	297						1,891
Non-Violent Crime	**773**	**740**	**783**	**821**	**833**	**823**	**928**						**5,701**
Grand Total	**1,039**	**1,029**	**1,093**	**1,146**	**1,215**	**1,174**	**1,261**						**7,957**

Year to Date 2025

Council District D	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year Total
Murder	3	7	6	7	2	2	7						34
Sexual Assault	20	16	33	18	20	17	12						136
Robbery	65	51	62	45	62	59	47						391
Aggravated Assault	149	184	210	214	223	207	185						1,372
Kidnapping	5	2	5	5	1	5	2						25
Human Trafficking		1		1	1								3
Violent Crime	**242**	**261**	**316**	**290**	**309**	**290**	**253**						**1,961**
Auto Theft	96	82	88	108	87	109	101						671
BMV/TMV	306	314	284	347	339	320	277						2,187
Burglary	116	114	142	100	149	131	106						858
Theft	240	262	306	291	290	267	227						1,883
Non-Violent Crime	**758**	**772**	**820**	**846**	**865**	**827**	**711**						**5,599**
Grand Total	**1,000**	**1,033**	**1,136**	**1,136**	**1,174**	**1,117**	**964**						**7,560**

Council District D	2024	2025	Diff	% Chg
Murder	24	34	10	41.7%
Sexual Assault	141	136	-5	-3.5%
Robbery	478	391	-87	-18.2%
Aggravated Assault	1,593	1,372	-221	-13.9%
Kidnapping	15	25	10	66.7%
Human Trafficking	5	3	-2	-40.0%
Violent Crime	**2,256**	**1,961**	**-295**	**-13.1%**

Council District D	2024	2025	Diff	% Chg
Auto Theft	863	671	-192	-22.2%
BMV/TMV	1,960	2,187	227	11.6%
Burglary	987	858	-129	-13.1%
Theft	1,891	1,883	-8	-0.4%
Non-Violent Crime	**5,701**	**5,599**	**-102**	**-1.8%**
Grand Total	**7,957**	**7,560**	**-397**	**-5.0%**

Violent crime is DOWN by 295 incidents (13.1%) in 2025.

Source: NIBRS

PLEASE NOTE: Numbers are subject to change pending further reporting and/or investigation.

HPD Office of Planning & Data Governance
Data current as of: 08/25/2025

2022 Total Violent Crime	65
Total Population for Tract*	2100
2022 Crime rate for Tract	**30.95**

2023 Total Violent Crime	67
Total Population for Tract*	2100
2023 Crime rate for Tract	**31.90**

2024 Total Violent Crime	80
Total Population for Tract*	2100
2024 Crime rate for Tract	**38.10**

*Population data was obtained from the Census Bureau using ACS 5-Year-Estimates Table B01003, linked below.
https://data.census.gov/table/ACSDT5Y2023.B01003?t=Population+Total&g=1400000US48201313700

Crime data was obtained from the Houston Police Department, linked below.
https://www.houstontx.gov/police/cs/Monthly_Crime_Data_by_Street_and_Police_Beat.htm

Incident	RMSOccurrenceDate	RMSOccurrenceHour	NIBRSClass	NIBRSDesc	OffenseCo	Beat	Premise	StreetNo	StreetNam	StreetType	Suffix	City	ZIPCode	MapLongit	MapLatitude
144979122	10/26/2022	14	13A	Aggravatec	1	14D10	Other, Unk	6600	SCOTT	ST		HOUSTON	77021	-95.361	29.69519
111841722	8/20/2022	17	120	Robbery	1	14D10	Highway, R	6200	SCOTT	ST		HOUSTON	77021	-95.3593	29.7002
22279522	2/18/2022	19	120	Robbery	1	14D10	Bank, Savir	6118	SCOTT	ST		HOUSTON	77021	-95.3595	29.70121
110784422	8/18/2022	12	13A	Aggravatec	1	14D10	Parking Lot	6118	SCOTT	ST		HOUSTON	77021	-95.3595	29.70127
161684422	12/1/2022	13	13A	Aggravatec	2	14D10	Residence,	6118	SCOTT	ST		HOUSTON	77021	-95.3595	29.70127
102619122	8/2/2022	15	13A	Aggravatec	1	14D10	Highway, R	6100	SCOTT	ST		HOUSTON	77021	-95.3596	29.70148
130257622	9/27/2022	3	120	Robbery	1	14D10	Parking Lot	6102	SCOTT	ST		HOUSTON	77021	-95.3596	29.70148
14123222	2/1/2022	15	13A	Aggravatec	1	14D10	Highway, R	6102	SCOTT	ST		HOUSTON	77021	-95.3596	29.70148
66901522	5/20/2022	17	120	Robbery	1	14D10	Departmer	6102	SCOTT	ST		HOUSTON	77021	-95.3596	29.70148
124399222	9/15/2022	10	13A	Aggravatec	1	14D10	Residence,	6102	SCOTT	ST		HOUSTON	77021	-95.3596	29.70148
88312722	7/4/2022	10	09A	Murder, nc	1	14D10	Highway, R	3800	ALICE	ST		HOUSTON	77021	-95.3651	29.69059
32659422	3/12/2022	12	120	Robbery	1	14D10	Highway, R	3831	YELLOWST	BLVD		HOUSTON	77021	-95.363	29.69404
57159422	4/30/2022	17	13A	Aggravatec	1	14D10	Residence,	3827	ALBERTA	ST		HOUSTON	77021	-95.3627	29.69493
61668422	5/9/2022	14	13A	Aggravatec	1	14D10	Highway, R	3800	ALBERTA	ST		HOUSTON	77021	-95.3632	29.69507
176570922	12/31/2022	21	13A	Aggravatec	1	14D10	Residence,	3834	ZEPHYR	ST		HOUSTON	77021	-95.3609	29.69916
22286722	2/18/2022	19	120	Robbery	1	14D10	Restaurant	3720	OLD SPANI	TRL		HOUSTON	77021	-95.3609	29.7022
21371022	2/17/2022	0	120	Robbery	1	14D10	Highway, R	3720	OLD SPANI	TRL		HOUSTON	77021	-95.3609	29.7022
20955922	2/13/2022	21	13A	Aggravatec	1	14D10	Residence,	3733	ALICE	ST		HOUSTON	77021	-95.366	29.69092
73159322	6/2/2022	19	13A	Aggravatec	1	14D10	Residence,	3719	ALICE	ST		HOUSTON	77021	-95.3662	29.69097
101736822	7/31/2022	2	13A	Aggravatec	1	14D10	Residence,	3711	ALICE	ST		HOUSTON		-95.3663	29.691
37526722	3/22/2022	13	13A	Aggravatec	1	14D10	Residence,	3645	ALICE	ST		HOUSTON	77021	-95.3674	29.69135
84640222	6/26/2022	18	13A	Aggravatec	1	14D10	Residence,	3601	ALICE	ST		HOUSTON	77021	-95.3685	29.69169
52811422	4/21/2022	19	13A	Aggravatec	1	14D10	Residence,	3602	WYOMING	ST		HOUSTON	77021	-95.3679	29.69303
136473122	10/9/2022	8	13A	Aggravatec	1	14D10	Residence,	3631	WYOMING	ST		HOUSTON	77021	-95.3674	29.69291
139221222	10/14/2022	18	13A	Aggravatec	3	14D10	Residence,	3631	WYOMING	ST		HOUSTON	77021	-95.3674	29.69291
20136222	2/14/2022	14	13A	Aggravatec	1	14D10	Residence,	3710	WARD	ST		HOUSTON	77021	-95.3658	29.69323
97032222	7/21/2022	22	120	Robbery	1	14D10	Residence,	3627	YELLOWST	BLVD		HOUSTON	77021	-95.3666	29.69511
4972922	1/11/2022	19	13A	Aggravatec	1	14D10	Highway, R	3572	YELLOWST	BLVD		HOUSTON	77021	-95.3677	29.69541
171722322	12/21/2022	11	09A	Murder, nc	1	14D10	Abandonec	3575	YELLOWST	BLVD		HOUSTON	77021	-95.3677	29.69543
145995422	10/27/2022	0	120	Robbery	1	14D10	Highway, R	3719	LUCA	ST		HOUSTON	77021	-95.3639	29.69764
19025622	2/12/2022	0	120	Robbery	1	14D10	Bank, Savir	3636	OLD SPANI	TRL		HOUSTON	77021	-95.3621	29.70213
152896222	11/11/2022	20	13A	Aggravatec	1	14D10	Restaurant	3626	OLD SPANI	TRL		HOUSTON	77021	-95.3621	29.70212
67794022	5/22/2022	16	13A	Aggravatec	1	14D10	Restaurant	3624	OLD SPANI	TRL		HOUSTON	77021	-95.3623	29.70211
64659422	5/15/2022	20	120	Robbery	1	14D10	Grocery, St	3618	OLD SPANI	TRL		HOUSTON	77021	-95.3629	29.70208
26310022	2/27/2022	12	13A	Aggravatec	1	14D10	Other, Unk	3616	OLD SPANI	TRL		HOUSTON	77021	-95.3631	29.70206
65782022	5/18/2022	11	13A	Aggravatec	1	14D10	Residence,	6820	WINTON	ST		HOUSTON	77021	-95.3674	29.69657
94385422	7/16/2022	17	13A	Aggravatec	2	14D10	Residence,	6816	WINTON	ST		HOUSTON	77021	-95.3673	29.69663
122676722	9/11/2022	21	13A	Aggravatec	1	14D10	Residence,	6808	WINTON	ST		HOUSTON	77021	-95.3673	29.69673
21138822	2/14/2022	12	13A	Aggravatec	1	14D10	Commercia	3560	OLD SPANI	TRL		HOUSTON	77021	-95.3664	29.7019
109208522	8/15/2022	6	13A	Aggravatec	1	14D10	Commercia	3556	OLD SPANI	TRL		HOUSTON	77021	-95.3666	29.70188
56481822	4/29/2022	3	13A	Aggravatec	1	14D10	Residence,	6736	LOZIER	ST		HOUSTON	77021	-95.3692	29.69854
150382222	11/6/2022	13	13A	Aggravatec	1	14D10	Residence,	3406	DAPHNE	ST		HOUSTON	77021	-95.3705	29.6979
103504722	8/3/2022	19	13A	Aggravatec	1	14D10	Residence,	6701	BURKETT	ST		HOUSTON	77021	-95.3698	29.69925
36803422	3/21/2022	4	120	Robbery	1	14D10	Residence,	6617	DEL RIO	ST		HOUSTON	77021	-95.37	29.7013
74467222	6/5/2022	16	120	Robbery	1	14D10	Parking Lot	3402	OLD SPANI	TRL		HOUSTON	77021	-95.3697	29.70171
144422922	10/25/2022	12	120	Robbery	1	14D10	Departmer	3388	OLD SPANI	TRL		HOUSTON	77021	-95.3701	29.70168
144691022	10/25/2022	22	13A	Aggravatec	2	14D10	Residence,	6817	DEL RIO	ST		HOUSTON	77021	-95.3713	29.69783
66475822	5/19/2022	17	120	Robbery	1	14D10	Highway, R	6898	DEL RIO	ST		HOUSTON	77021	-95.3717	29.69675
36380422	3/20/2022	2	13A	Aggravatec	4	14D10	Service, Ga	3364	OLD SPANI	TRL		HOUSTON	77021	-95.3705	29.70164
28598522	3/4/2022	2	13A	Aggravatec	1	14D10	Highway, R	3354	OLD SPANI	TRL		HOUSTON	77021	-95.3713	29.70161
59591722	5/2/2022	19	13A	Aggravatec	1	14D10	Convenien	3354	OLD SPANI	TRL		HOUSTON	77021	-95.3713	29.7016
116403622	8/29/2022	23	13A	Aggravatec	1	14D10	Convenien	3354	OLD SPANI	TRL		HOUSTON	77021	-95.3713	29.7016
140494022	10/16/2022	3	13A	Aggravatec	1	14D10	Convenien	3354	OLD SPANI	TRL		HOUSTON	77021	-95.3713	29.7016
109393422	8/15/2022	19	120	Robbery	1	14D10	Highway, R	6700-6799	ALLEGHEN	ST		HOUSTON	77021	-95.3723	29.70004
132279022	9/30/2022	21	120	Robbery	1	14D10	Convenien	3300	YELLOWST	BLVD		HOUSTON	77021	-95.3755	29.6978
97952022	7/23/2022	20	13A	Aggravatec	1	14D10	Highway, R	6865	SOUTH	FWY		HOUSTON	77021	-95.3751	29.69837
136596022	10/9/2022	2	13A	Aggravatec	1	14D10	Service, Ga	3300	OLD SPANI	TRL		HOUSTON	77021	-95.3745	29.70099

Incident	RMSOccurrenceDate	RMSOccurrenceHour	NIBRSClass	NIBRSDesc	OffenseCo	Beat	Premise	StreetNo	StreetNam	StreetType	Suffix	City	ZIPCode	MapLongitude	MapLatitude
69907923	5/17/2023	17	13A	Aggravatec	2	14D10	Residence,	3727	IDAHO	ST		HOUSTON	77021	-95.366135	29.69172
7813623	1/16/2023	17	13A	Aggravatec	1	14D10	Highway, R	3707	ALICE	ST		HOUSTON	77021	-95.366326	29.691019
58128323	4/25/2023	14	13A	Aggravatec	1	14D10	Residence,	3603	WYOMING	ST		HOUSTON	77021	-95.367846	29.693042
147921523	10/15/2023	12	13A	Aggravatec	1	14D10	Residence,	3618	WYOMING	ST		HOUSTON	77021	-95.367595	29.692947
146312523	10/12/2023	9	13A	Aggravatec	1	14D10	Residence,	3618	WARD	ST		HOUSTON	77021	-95.367306	29.693675
94482423	7/3/2023	22	13A	Aggravatec	1	14D10	Residence,	3735	YOSEMITE	ST		HOUSTON	77021	-95.365137	29.693829
139697823	9/28/2023	14	13A	Aggravatec	1	14D10	Service, Ga	3575	YELLOWST	BLVD		HOUSTON	77021	-95.367685	29.695432
126118723	9/3/2023	1	120	Robbery	1	14D10	Park/Playg	3820	YELLOWST	BLVD		HOUSTON	77021	-95.36328	29.69411
119344123	8/21/2023	1	13A	Aggravatec	1	14D10	Residence,	3839	ALBERTA	ST		HOUSTON	77021	-95.362514	29.694863
37063723	3/15/2023	1	120	Robbery	1	14D10	Residence,	3827	ALBERTA	ST		HOUSTON	77021	-95.362739	29.694931
82151623	6/9/2023	21	13A	Aggravatec	1	14D10	Residence,	3623	FLORINDA	ST		HOUSTON	77021	-95.365764	29.697315
150809523	10/20/2023	21	13A	Aggravatec	1	14D10	Highway, R	6700	LA SALETTE	ST		HOUSTON	77021	-95.36277	29.696541
121512023	8/25/2023	1	120	Robbery	1	14D10	Highway, R	3818	LUCA	ST		HOUSTON	77021	-95.362046	29.697108
153861823	10/26/2023	23	13A	Aggravatec	1	14D10	Residence,	3811	LUCA	ST		HOUSTON	77021	-95.36219	29.697171
120594723	8/23/2023	11	13A	Aggravatec	1	14D10	Residence,	3718	LUCA	ST		HOUSTON	77021	-95.3639	29.697625
5520823	1/11/2023	20	13A	Aggravatec	1	14D10	Highway, R	3702	COSBY	ST		HOUSTON	77021	-95.363853	29.698463
122978023	8/28/2023	0	13A	Aggravatec	2	14D10	Residence,	3610	COSBY	ST		HOUSTON	77021	-95.365343	29.698917
59048923	4/27/2023	7	13A	Aggravatec	1	14D10	Residence,	3727	ALSACE	ST		HOUSTON	77021	-95.363153	29.699118
76245623	5/29/2023	16	13A	Aggravatec	1	14D10	Residence,	3719	ZEPHYR	ST		HOUSTON	77021	-95.36296	29.699925
117232523	8/16/2023	22	13A	Aggravatec	1	14D10	Highway, R	6118	SCOTT	ST		HOUSTON	77021	-95.359516	29.701211
183041623	12/26/2023	4	13A	Aggravatec	1	14D10	Residence,	6118	SCOTT	ST		HOUSTON	77021	-95.359516	29.701211
38748023	3/18/2023	15	13A	Aggravatec	1	14D10	Departmer	6120	SCOTT	ST		HOUSTON	77021	-95.359514	29.701198
43797223	3/20/2023	23	120	Robbery	1	14D10	Bank, Savir	6118	SCOTT	ST		HOUSTON	77021	-95.359516	29.701211
100052923	7/14/2023	16	120	Robbery	1	14D10	Other, Unk	6118	SCOTT	ST		HOUSTON	77021	-95.359516	29.701211
76778023	5/30/2023	20	120	Robbery	1	14D10	Departmer	6102	SCOTT	ST		HOUSTON	77021	-95.359552	29.701479
168273223	11/25/2023	17	13A	Aggravatec	1	14D10	Departmer	6102	SCOTT	ST		HOUSTON	77021	-95.359552	29.701479
56492323	4/21/2023	18	13A	Aggravatec	1	14D10	Departmer	6102	SCOTT	ST		HOUSTON	77021	-95.359552	29.701479
57612523	4/24/2023	15	120	Robbery	1	14D10	Parking Lot	6102	SCOTT	ST		HOUSTON	77021	-95.359552	29.701479
100370023	7/14/2023	18	120	Robbery	1	14D10	Highway, R	6400	LA SALETTE	ST		HOUSTON	77021	-95.361267	29.701317
32861023	3/7/2023	7	120	Robbery	1	14D10	Bank, Savir	3704	OLD SPANI	TRL		HOUSTON	77021	-95.361139	29.702184
53621423	4/15/2023	17	13A	Aggravatec	1	14D10	Highway, R	3700	OLD SPANI	TRL		HOUSTON	77021	-95.361193	29.70218
167480223	11/23/2023	23	120	Robbery	1	14D10	Bank, Savir	3704	OLD SPANI	TRL		HOUSTON	77021	-95.36123	29.702184
157803323	11/3/2023	16	120	Robbery	1	14D10	Bank, Savir	3636	OLD SPANI	TRL		HOUSTON	77021	-95.362004	29.70213
124734223	8/31/2023	12	120	Robbery	1	14D10	Parking Lot	3636	OLD SPANI	TRL		HOUSTON	77021	-95.362079	29.702133
8896923	1/18/2023	19	13A	Aggravatec	1	14D10	Parking Lot	3602	OLD SPANI	TRL		HOUSTON	77021	-95.364549	29.701982
141407323	9/26/2023	20	120	Robbery	1	14D10	Convenien	6402	TIERWESTE	ST		HOUSTON	77021	-95.364856	29.701876
150310523	10/20/2023	2	13A	Aggravatec	1	14D10	Convenien	6402	TIERWESTE	ST		HOUSTON	77021	-95.364856	29.701876
4365123	1/9/2023	17	120	Robbery	1	14D10	Convenien	6402	TIERWESTE	ST		HOUSTON	77021	-95.364856	29.701876
51651823	4/12/2023	22	120	Robbery	1	14D10	Convenien	6402	TIERWESTE	ST		HOUSTON	77021	-95.364856	29.701876
22109323	2/14/2023	2	120	Robbery	1	14D10	Highway, R	3600	OLD SPANI	TRL		HOUSTON	77021	-95.364853	29.701973
92936023	6/30/2023	17	13A	Aggravatec	1	14D10	Highway, R	6400	TIERWESTE	ST		HOUSTON	77021	-95.364853	29.701973
5526323	1/11/2023	20	120	Robbery	1	14D10	Departmer	3596	OLD SPANI	TRL		HOUSTON	77021	-95.364987	29.701958
54654623	4/18/2023	12	13A	Aggravatec	1	14D10	Parking Lot	3596	OLD SPANI	TRL		HOUSTON	77021	-95.364987	29.701958
152818023	10/25/2023	0	120	Robbery	1	14D10	Speciality S	3527	YELLOWST	BLVD		HOUSTON	77021	-95.368406	29.695657
118455723	8/19/2023	6	13A	Aggravatec	1	14D10	Residence,	6618	STEARNS	ST		HOUSTON	77021	-95.367445	29.700874
42908723	3/26/2023	21	13A	Aggravatec	1	14D10	Residence,	6810	DEL RIO	ST		HOUSTON	77021	-95.371279	29.697917
176608723	12/12/2023	15	13A	Aggravatec	3	14D10	Residence,	6811	DEL RIO	ST		HOUSTON	77021	-95.371259	29.697911
89923	1/1/2023	2	13A	Aggravatec	1	14D10	Residence,	6811	DEL RIO	ST		HOUSTON	77021	-95.371259	29.697911
20985723	2/11/2023	16	13A	Aggravatec	1	14D10	Residence,	3435	LUCA	ST		HOUSTON	77021	-95.369802	29.699328
91591023	6/28/2023	8	13A	Aggravatec	1	14D10	Highway, R	3500	OLD SPANI	TRL		HOUSTON	77021	-95.368851	29.701757
44007623	3/28/2023	21	13A	Aggravatec	1	14D10	Parking Lot	3402	OLD SPANI	TRL		HOUSTON	77021	-95.369692	29.70171
156055923	10/31/2023	10	120	Robbery	1	14D10	Residence,	3388	OLD SPANI	TRL		HOUSTON	77021	-95.370093	29.701681
89961823	6/24/2023	23	120	Robbery	1	14D10	Commercia	6607	PEERLESS	ST		HOUSTON	77021	-95.370747	29.7015
154633523	10/27/2023	1	13A	Aggravatec	1	14D10	Parking Lot	3354	OLD SPANI	TRL		HOUSTON	77021	-95.371252	29.701594
156860723	11/1/2023	20	120	Robbery	1	14D10	Convenien	3354	OLD SPANI	TRL		HOUSTON	77021	-95.371252	29.701594
75691823	5/28/2023	14	13A	Aggravatec	1	14D10	Service, Ga	3354	OLD SPANI	TRL		HOUSTON	77021	-95.371252	29.701594
118307023	8/18/2023	21	13A	Aggravatec	1	14D10	Highway, R	3354	OLD SPANI	TRL		HOUSTON	77021	-95.371252	29.701594
137700423	9/25/2023	13	120	Robbery	1	14D10	Service, Ga	3354	OLD SPANI	TRL		HOUSTON	77021	-95.371252	29.701594
26780023	2/23/2023	9	13A	Aggravatec	1	14D10	Bar, Nightc	3352	OLD SPANI	TRL		HOUSTON	77021	-95.371476	29.701581
176605323	12/12/2023	14	120	Robbery	1	14D10	Residence,	3307	DAPHNE	ST		HOUSTON	77021	-95.372657	29.698574
19533323	2/8/2023	22	13A	Aggravatec	1	14D10	Residence,	6813	ALLEGHEN	ST		HOUSTON	77021	-95.372911	29.698372
137444323	9/25/2023	0	120	Robbery	1	14D10	Highway, R	3300	OLD SPANI	TRL		HOUSTON	77021	-95.374486	29.701006
137444323	9/25/2023	0	13A	Aggravatec	1	14D10	Highway, R	3300	OLD SPANI	TRL		HOUSTON	77021	-95.374486	29.701006

Incident	RMSOccurrenc	RMSOccurr	NIBRSClass	NIBRSDesc	OffenseCo	Beat	Premise	StreetNo	StreetNam	StreetType	Suffix	City	ZIPCode	MapLongit	MapLatitude
108500224	7/29/2024	23	13A	Aggravated	1	14D10	Highway, R	3900	IDAHO	ST		HOUSTON	77021	-95.3628	29.69071
100149524	7/9/2024	12	120	Robbery	1	14D10	Highway, R	3840	YELLOWST	BLVD		HOUSTON	77021	-95.3628	29.69397
96839624	7/6/2024	14	09A	Murder, nc	1	14D10	Highway, R	3820	YELLOWST	BLVD		HOUSTON	77021	-95.3632	29.69409
96839624	7/6/2024	14	13A	Aggravated	1	14D10	Highway, R	3820	YELLOWST	BLVD		HOUSTON	77021	-95.3632	29.69409
122721724	8/29/2024	1	13A	Aggravated	1	14D10	Residence,	3750	ALICE	ST		HOUSTON	77021	-95.3658	29.69084
92658224	6/28/2024	8	13A	Aggravated	2	14D10	Residence,	3717	ALICE	ST		HOUSTON	77021	-95.3662	29.69098
120585624	8/24/2024	13	13A	Aggravated	1	14D10	Residence,	3641	ALICE	ST		HOUSTON	77021	-95.3672	29.69129
132978624	9/19/2024	19	13A	Aggravated	1	14D10	Residence,	3603	ALICE	ST		HOUSTON	77021	-95.3675	29.6914
61507224	4/29/2024	17	13A	Aggravated	1	14D10	Residence,	3623	WARD	ST		HOUSTON	77021	-95.3672	29.69367
51414224	4/10/2024	12	13A	Aggravated	1	14D10	Residence,	3611	WARD	ST		HOUSTON	77021	-95.3674	29.69373
137478124	9/29/2024	2	13A	Aggravated	1	14D10	Highway, R	3599	YELLOWST	BLVD		HOUSTON	77021	-95.3671	29.69526
150310724	10/26/2024	12	13A	Aggravated	1	14D10	Residence,	3839	ALBERTA	ST		HOUSTON	77021	-95.3625	29.69486
80414124	6/4/2024	10	13A	Aggravated	1	14D10	Residence,	3810	ALSACE	ST		HOUSTON	77021	-95.3616	29.69859
17326324	2/4/2024	23	13A	Aggravated	1	14D10	Residence,	3818	ZEPHYR	ST		HOUSTON	77021	-95.3612	29.69925
156353924	11/8/2024	4	120	Robbery	1	14D10	Other, Unk	6118	SCOTT	ST		HOUSTON	77021	-95.3595	29.70121
98384424	7/9/2024	18	120	Robbery	1	14D10	Convenien	6102	SCOTT	ST		HOUSTON	77021	-95.3596	29.70148
125436024	9/4/2024	1	13A	Aggravated	1	14D10	Highway, R	6100	SCOTT	ST		HOUSTON	77021	-95.3595	29.70157
97243824	7/7/2024	12	13A	Aggravated	1	14D10	Highway, R	6001	SCOTT	ST		HOUSTON	77021	-95.3594	29.7023
124586824	9/2/2024	3	13A	Aggravated	1	14D10	Residence,	3727	ALSACE	ST		HOUSTON	77021	-95.3632	29.69912
6605124	1/14/2024	1	13A	Aggravated	3	14D10	Residence,	3627	LUCA	ST		HOUSTON	77021	-95.3654	29.69803
103908624	7/19/2024	15	120	Robbery	1	14D10	Grocery, St	3610	COSBY	ST		HOUSTON	77021	-95.3653	29.69892
135624624	9/25/2024	11	13A	Aggravated	1	14D10	Residence,	3704	OLD SPANI	TRL		HOUSTON	77021	-95.3611	29.70218
158868324	11/13/2024	15	120	Robbery	1	14D10	Parking Lot	3704	OLD SPANI	TRL		HOUSTON	77021	-95.3612	29.70218
181219524	12/31/2024	8	13A	Aggravated	1	14D10	Parking Lot	3636	OLD SPANI	TRL		HOUSTON	77021	-95.362	29.70213
108004524	7/28/2024	23	120	Robbery	1	14D10	Parking Lot	3636	OLD SPANI	TRL		HOUSTON	77021	-95.3621	29.70213
68988024	5/11/2024	2	13A	Aggravated	1	14D10	Restaurant	3624	OLD SPANI	TRL		HOUSTON	77021	-95.3623	29.70211
109140924	7/31/2024	10	120	Robbery	1	14D10	Grocery, St	3618	OLD SPANI	TRL		HOUSTON	77021	-95.3629	29.70207
26989924	2/23/2024	14	13A	Aggravated	1	14D10	Parking Lot	3618	OLD SPANI	TRL		HOUSTON	77021	-95.363	29.70208
14535124	1/15/2024	0	120	Robbery	1	14D10	Highway, R	3800	OLD SPANI	TRL		HOUSTON	77021	-95.3594	29.7023
112741724	6/25/2024	2	13A	Aggravated	1	14D10	Service, Ga	6402	TIERWESTE	ST		HOUSTON	77021	-95.3649	29.70188
166386624	11/29/2024	23	13A	Aggravated	1	14D10	Convenien	6402	TIERWESTE	ST		HOUSTON	77021	-95.3649	29.70196
76975224	5/29/2024	3	13A	Aggravated	1	14D10	Highway, R	3600	OLD SPANI	TRL		HOUSTON	77021	-95.3649	29.70197
134777024	9/23/2024	15	120	Robbery	1	14D10	Departmen	3596	OLD SPANI	TRL		HOUSTON	77021	-95.365	29.70196
110885224	8/4/2024	0	13A	Aggravated	1	14D10	Residence,	6812	WINTON	ST		HOUSTON	77021	-95.3673	29.69668
63532124	5/3/2024	11	13A	Aggravated	1	14D10	Auto Deale	3560	OLD SPANI	TRL		HOUSTON	77021	-95.3664	29.7019
140879924	10/6/2024	15	13A	Aggravated	1	14D10	Residence,	6622	CADILLAC	ST		HOUSTON	77021	-95.3667	29.70054
20899424	2/11/2024	23	13A	Aggravated	2	14D10	Residence,	6819	STEARNS	ST		HOUSTON	77021	-95.3689	29.69708
51736524	4/11/2024	1	13A	Aggravated	1	14D10	Residence,	3503	LUCA	ST		HOUSTON	77021	-95.3681	29.69882
102028124	7/15/2024	22	13A	Aggravated	4	14D10	Residence,	6710	LOZIER	ST		HOUSTON	77021	-95.3691	29.69895
23495524	2/16/2024	20	13A	Aggravated	2	14D10	Residence,	6737	LOZIER	ST		HOUSTON	77021	-95.3692	29.69853
178467624	12/25/2024	1	13A	Aggravated	1	14D10	Residence,	3406	DAPHNE	ST		HOUSTON	77021	-95.3705	29.6979
137182124	9/28/2024	13	13A	Aggravated	1	14D10	Residence,	6611	BURKETT	ST		HOUSTON	77021	-95.3689	29.70153
68484824	5/12/2024	21	13A	Aggravated	3	14D10	Highway, R	3388	OLD SPANI	TRL		HOUSTON	77021	-95.3701	29.70168
16695224	2/3/2024	16	120	Robbery	1	14D10	Highway, R	6699	DEL RIO	ST		HOUSTON	77021	-95.3706	29.69957
162135024	11/20/2024	11	13A	Aggravated	1	14D10	Residence,	6701	DEL RIO	ST		HOUSTON	77021	-95.3706	29.69948
87593124	6/18/2024	7	13A	Aggravated	1	14D10	Residence,	6811	DEL RIO	ST		HOUSTON	77021	-95.3713	29.69791
95687924	7/4/2024	1	13A	Aggravated	1	14D10	Residence,	6829	PEERLESS	ST		HOUSTON	77021	-95.3722	29.69791
39766224	3/19/2024	1	13A	Aggravated	1	14D10	Residence,	6750	PEERLESS	ST		HOUSTON	77021	-95.3716	29.69933
136594024	9/27/2024	9	13A	Aggravated	1	14D10	Residence,	6749	PEERLESS	ST		HOUSTON	77021	-95.3716	29.69936
49822124	4/7/2024	7	120	Robbery	1	14D10	Residence,	6717	PEERLESS	ST		HOUSTON	77021	-95.3713	29.70013
134369724	9/22/2024	18	120	Robbery	1	14D10	Highway, R	3354	OLD SPANI	TRL		HOUSTON	77021	-95.3713	29.70159
15710424	2/1/2024	17	13A	Aggravated	1	14D10	Service, Ga	3354	OLD SPANI	TRL		HOUSTON	77021	-95.3713	29.70159
34209924	3/7/2024	2	13A	Aggravated	1	14D10	Parking Lot	3354	OLD SPANI	TRL		HOUSTON	77021	-95.3713	29.70161
43846224	3/26/2024	23	13A	Aggravated	1	14D10	Service, Ga	3354	OLD SPANI	TRL		HOUSTON	77021	-95.3713	29.70159
53326224	4/14/2024	0	13A	Aggravated	3	14D10	Service, Ga	3354	OLD SPANI	TRL		HOUSTON	77021	-95.3713	29.70159
20973024	2/12/2024	2	13A	Aggravated	1	14D10	Bar, Nightc	3352	OLD SPANI	TRL		HOUSTON	77021	-95.3715	29.70158
141819924	10/5/2024	12	13A	Aggravated	1	14D10	Residence,	3322	YELLOWST	BLVD		HOUSTON	77021	-95.3739	29.69732
145113524	10/15/2024	15	13A	Aggravated	3	14D10	Residence,	3322	YELLOWST	BLVD		HOUSTON	77021	-95.3739	29.69732
8586024	1/15/2024	17	120	Robbery	1	14D10	Residence,	3322	YELLOWST	BLVD		HOUSTON	77021	-95.3739	29.69732
21216824	2/12/2024	15	13A	Aggravated	1	14D10	Residence,	3322	YELLOWST	BLVD		HOUSTON	77021	-95.3739	29.69732
28146624	2/25/2024	19	13A	Aggravated	1	14D10	Residence,	3322	YELLOWST	BLVD		HOUSTON	77021	-95.3739	29.69732
52778324	4/12/2024	21	13A	Aggravated	1	14D10	Residence,	3322	YELLOWST	BLVD		HOUSTON	77021	-95.3739	29.69732
56936024	4/20/2024	21	13A	Aggravated	1	14D10	Residence,	3322	YELLOWST	BLVD		HOUSTON	77021	-95.3739	29.69732
63308024	5/2/2024	22	13A	Aggravated	1	14D10	Residence,	3322	YELLOWST	BLVD		HOUSTON	77021	-95.3739	29.69732
72445524	5/12/2024	0	120	Robbery	1	14D10	Residence,	3322	YELLOWST	BLVD		HOUSTON	77021	-95.3739	29.69732
79105724	6/2/2024	0	13A	Aggravated	1	14D10	Residence,	3322	YELLOWST	BLVD		HOUSTON	77021	-95.3739	29.69732

CITY OF HOUSTON

Houston Police Department

John Whitmire, Mayor

1200 Travis Houston, Texas 77002-6000 713/308-1600

CITY COUNCIL MEMBERS: Amy Peck Tarsha Jackson Abbie Kamin Carolyn Evans-Shabazz, Ed. Fred Flickinger Tiffany D Thomas Mary Nan Huffman Mario Castillo
Joaquin Martinez Edward Pollard Martha Castex-Tatum Julian Ramirez Willie Davis Twila Carter Letitia Plummer, DDS. Sallie Alcorn CITY CONTROLLER: Chris Hollins

June 3, 2025

J. Noe Diaz, Jr.
Chief of Police

Christine Castillo, Project Consultant
Structure Development
1301 Chicon Street, Unit 101
Austin, Texas 78702

RE: TDHCA-Application at Old Spanish Trail and Scottcrest Drive Part I Violent Crime

Dear Ms. Castillo:

The Houston Police Department (HPD was advised that Harris County Housing Authority will be submitting an application to the Texas Department of Housing and Community Affairs (TDHCA) to facilitate the construction of a Housing Tax Credit development located at the SEQ of Old Spanish Trail and Scottcrest Drive in Houston, Texas. The proposed development site is located in Police Beat 14D10.

It is our understanding that TDHCA evaluates Part I Violent Crime Rates of the area applicable to the development site. In addition to the reports and datasets HPD posts monthly to the department's website, an analysis of the data for Beat 14D10 has been completed. This letter advises that the Part I Violent Crime Rate per 1,000 persons for Beat 14D10 was 26.42 in 2022, 32.34 in 2023, and 33.03 in 2024.

HPD regularly engages with community partners and stakeholders to address crime and public safety concerns in the City of Houston. As a partner, HPD will continue to support crime reduction efforts and strive for the safety and security of the community. Where feasible, and in coordination with the Division Commander of the area listed above, HPD will support crime reduction initiatives that may include increased patrols, crime prevention strategies, problem-solving strategies, access to Domestic Abuse Response Teams (DART), and any other crime mitigation effort with a crime prevention or crime control objective.

If you have any questions regarding this analysis, please do not hesitate to call.

Sincerely,

J. Noe Diaz, Jr.
Chief of Police

jnd:rr:tdj

COP # 25-87462

File #: 1161 **Agenda Date:** 10/9/2025 **Agenda #:** 19.

Presentation, discussion, and possible action regarding a Material Amendment to the Housing Tax Credit Application 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 Athens Trails (HTC #24215)

RECOMMENDED ACTION

WHEREAS, Athens Trails (Development) received an award of 9% Housing Tax Credits (HTCs) in 2024 for the new construction of 57 multifamily units for the elderly in Athens, Henderson County;

WHEREAS, Athens Trails, LP (Applicant) requests approval for a 10.53% reduction in the number of units from 57 to 51 units, with a decrease of six one-bedroom units;

WHEREAS, this change would result in a revision to the rent and income restrictions from five units at 30% Area Median Income (AMI), 12 units at 50% AMI, and 40 units at 60% AMI to three units at 30% AMI, eight units at 50% AMI, and 40 units at 60% AMI;

WHEREAS, the elimination of the six units would result in a 9.14%, or 3,894 square feet, reduction in the Net Rentable Area, from 42,582 square feet to 38,688 square feet;

WHEREAS, the change would result in a 10.53% decrease in the residential density, going from 23.04 units per acre to 20.61 units per acre;

WHEREAS, there will also be a 5.54% reduction to the Common Area, from 10,100 to 9,540 square feet;

WHEREAS, Board approval is required for a reduction to the number of units or bedroom mix of units, a significant modification of the site plan, a reduction of 3% or more in the square footage of the units and common areas, a significant modification of the architectural design of the Development, and a modification of the residential density of at least 5% as directed in 10 TAC §10.405(a)(4)(A), (B), (D), (E), and (F), and in Tex. Gov't Code §2306.6712(d)(1), (2), (4), (5), and (6), and the Applicant has complied with the amendment requirements therein;

WHEREAS, the requested changes do not negatively affect the Development or negatively impact the viability of the transaction and would not have adversely affected the selection of the Application or affect the HTC amount awarded;

WHEREAS, after receiving its award, the Development Owner executed a Carryover Allocation

Agreement that included certifications stating each building receiving an allocation would be placed in service by December 31, 2026;

WHEREAS, the Development Owner has requested an extension to the placement in service deadline under 10 TAC §11.6(5), related to Credit Returns Resulting from Force Majeure Events;

WHEREAS, the Department lacks authority to extend federal placement in service deadlines and may only reset such deadlines by requiring the credits to be returned and immediately reallocated to the Development, as permitted solely under the force majeure provision of the Qualified Allocation Plan (QAP); and

WHEREAS, the Development Owner has submitted documentation demonstrating that a qualifying force majeure event has occurred;

NOW, therefore, it is hereby

RESOLVED, that the requested amendment for Athens Trails is approved as presented at this meeting, and the Executive Director and his designees are each authorized, directed, and empowered to take all necessary action to effectuate the foregoing; and

FURTHER RESOLVED, that the request to treat the matter under the force majeure provisions of 10 TAC §11.6(5) is approved, and that the 2024 Qualified Allocation Plan, Uniform Multifamily Rules, and the 2025 Program Calendar shall be applicable to the Development.

BACKGROUND

Athens Trails was approved for a 9% HTC award in 2024 for the construction of 57 units, of which all are designated as low-income units, of multifamily housing for the elderly in Athens, Henderson County. In a letter as of August 25, 2025, Bronte Bejarano, the representative of the Applicant, requested approval for a material amendment to the Application to preserve the feasibility of the Development.

The Applicant requests approval for a 10.53% reduction in the number of units from 57 to 51 units, which will decrease the one-bedroom units by six, from 30 to 24, while maintaining the proposed number of two-bedroom units at 27. This change would result in a revision to the rent and income restrictions from five units at 30% AMI, 12 units at 50% AMI, and 40 units at 60% AMI to three units at 30% AMI, eight units at 50% AMI, and 40 units at 60% AMI. This change will also result in a reduction of 3,894 square feet (9.14%) in the Net Rentable Area, from 42,582 square feet to 38,688 square feet and a 10.53% reduction to the residential density from 23.04 units per acre to 20.61 units per acre. There will also be a reduction of 560 square feet (5.54%) to the Common Area, from 10,100 square feet to 9,540 square feet. Additionally, the number of parking spaces will decrease from 113 to 96 to correspond to the unit reduction and will remain in compliance with the requirements of the City of Athens.

The Applicant indicated that this request is the result of a decrease in the proposed purchase price of the tax credits from an initial rate of $0.84 per credit to $0.73 per credit due to credit pricing being negatively impacted by speculation of a proposed reduction to the corporate tax rates. This results in a potential 13.10% equity loss. The Applicant also anticipates an increase in the permanent loan interest rate from 6.75% to 7.50%. In addition to the drop in equity pricing and increase in interest rates, construction cost increased after the Application was submitted.

The Applicant stated it was not possible to retain feasibility without reducing the number of units. After extensive analysis, a reduction from 57 units to 51 units in combination with the other amendments allowed the property to be feasible and meet underwriting thresholds. In accordance with 10 TAC §10.405(a)(7)(A)(ii), the Applicant provided a letter from the syndicator and lender confirming that the Development would not be financially feasible without the proposed changes.

Staff confirmed that the revised design plans and parking would continue to meet accessibility requirements. Additionally, staff reviewed the original Application and scoring documentation against this amendment request and concluded that the reduction to the number of units would have resulted in the loss of points. However, the loss of these points would not have affected the selection of the Development for an award in the competitive round. 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 recommends approval of the requested material amendment to the Application.

FORCE MAJEURE BACKGROUND

Development	Athens Trails
Target Population	Elderly
HTC Award	$1,262,000
City	Athens
Total Units	57
HTC Units	57
Initial Year of Award	2024
Extension Requested	Six months

Athens Trails is a 57-unit development located in Athens, Henderson County. The development received an award of 9% Housing Tax Credits in 2024. As a result, the current deadline to place in service in December 31, 2026.

Since its initial award, the Application has experienced disruptions caused by rising construction costs, fluctuations in equity pricing, and increasing interest rates. At the time of the initial Application, the Owner anticipated equity pricing of $0.84; however, this has since fallen to $0.73. In addition, the interest rate on the permanent loan was expected to be 6.75% but has

risen to 7.5%. These changes have rendered the Development financially infeasible. The material amendment included in this item is necessary for the Development to be feasible.

APPLICABLE RULE

Under 10 TAC §11.6(5), a Development Owner may return credits and receive a reallocation outside the standard allocation process if the return is the result of a qualifying force majeure event occurring prior to issuance of IRS Form(s) 8609. Pursuant to 10 TAC §11.6(5), the Department's Governing Board may approve execution of a Carryover Allocation Agreement for the current program year with the Development Owner that returned the credits, but only if the following conditions are met:

> (A) The credits were returned as a result of "Force Majeure" events that occurred before issuance of Forms 8609. Force Majeure events are the following sudden and unforeseen circumstances outside the control of the Development Owner: acts of God such as fire, tornado, flooding, significant and unusual rainfall or subfreezing temperatures, or loss of access to necessary water or utilities as a direct result of significant weather events; explosion; vandalism; orders or acts of military authority; unrelated party litigation; changes in law, rules, or regulations; national emergency or insurrection; riot; acts of terrorism; supplier failures; or materials or labor shortages. If a Force Majeure event is also a presidentially declared disaster, the Department may treat the matter under the applicable federal provisions. Force Majeure events must make construction activity impossible or materially impede its progress.

Staff has reviewed this request and determined that construction cost increases, equity pricing fluctuations, and rising interest rates constitute a force majeure event under the rules.

IMPACT OF BOARD DECISION

If the Board approves the request:

- The credits will be returned and reallocated, with the 2024 Qualified Allocation Plan, Uniform Multifamily Rules, and the 2025 Program Calendar applicable to the Development.
- A new Carryover Allocation Agreement will be executed.
- The new 10% Test deadline will be July 1, 2026.
- The new placed in service deadline will be December 31, 2027.

If the Board denies the request:

- The current placed in service deadline of December 31, 2026, remains in place.
- The Development Owner may either meet the existing deadline, return the credits, or have the award terminated for failing to meet the deadline.
- Returned credits will first be reallocated within the original subregion in accordance with 10 TAC §11.6(2). If no pending applications are eligible within the subregion, the credits will be added to the statewide collapse for reallocation.

This request has no impact on any funding source other than the Low Income Housing Tax Credit program.

RECOMMENDATION

Staff recommends approval of the request to return and reallocate tax credits for Athens Trails under the force majeure provisions of 10 TAC §11.6(5).

Real Estate Analysis Division
September 15, 2025

Addendum to Underwriting Report

TDHCA Application #: **24215** Program(s): **9% HTC**

Athens Trails

Address/Location: 414 W College St

City: Athens County: Henderson Zip: 75751

	APPLICATION HISTORY
Report Date	**PURPOSE**
09/05/25	**Amendment**
07/10/24	Initial Underwriting

ALLOCATION

	Previous Allocation				RECOMMENDATION						
TDHCA Program	**Amount**	**Int. Rate**	**Amort**	**Term**	**Amount**	**Int. Rate**	**Amort**	**Perm. Term**	**Perm. Lien**	**Const. Term**	**Const. Lien**
LIHTC (9% Credit)	$1,262,000				**$1,262,000**						

CONDITIONS STATUS

- Receipt and acceptance by Cost Certification:
  - a: Certification that subsurface environmental investigation was performed as specified in the ESA, and if necessary, that any recommended mitigation measures were fully implemented.
  - b: Architect certification that a noise assessment was completed, and that all recommendations were implemented and the Development is compliant with HUD noise guidelines.
  - c: Certification that testing for asbestos was performed on the existing structures prior to demolition, and if necessary, a certification that any appropriate abatement procedures 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.

PREVIOUS SET-ASIDES

TDHCA SET-ASIDES for HTC LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	5
50% of AMI	50% of AMI	12
60% of AMI	60% of AMI	40

CURRENT SET-ASIDES

TDHCA SET-ASIDES for HTC LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	3
50% of AMI	50% of AMI	8
60% of AMI	60% of AMI	40

ANALYSIS

The development originally was awarded a 9% HTC allocation of $1,262,000 in July 2024.

The applicant is now requesting a material amendment to reduce the total number of units from 57 to 51. This request resulted from unforeseen financial circumstances. The Applicant is now seeing an increase in construction costs because of tariffs, declining equity pricing and rising interest rates.

The applicant requests a reduction of 6 units, for a total of 51 units from the originally proposed 57 units. This reflects a 10.53% decrease in the number of units. The unit sizes will remain the same.

The new unit mix will comprise of 24 1-BR and 27 2-BR units. The reduced numbers of units have decreased the NRA from 42,582 to 38,688, a drop of 9.14%.

The common area has decreased from 10,100 SF to 9,540 SF, a reduction of 5.54%.

The number of mobility units at application was 3, two 1-bed/1-bath units and one 2-bed/1-bath and the number of HV units was 2, one 1-bed/1-bath units and one 2-bed/1-bath. The number and distribution of HV units have remained the same, but due to the change in the unit mix composition, the proposed changes mean that there will now be one 1-bed/1-bath units and two 2-bed/1-bath mobility units.

Local parking requirements: 1.75 spaces for 1-BR unit and 2 spaces for 2-BR units;
Total 1-BR unit 24 plus 2-BR unit 27 = 96 parking spaces required.
Total parking spaces provided now is 96 spaces. The development meets the local parking requirements.

Operating Pro Forma

2025 rents are being used.

Underwriter has updated the expense comparables with reported year-end 2024 expenses .

Effective Gross income has increased by $31k.

Total Expenses increased by $7k ; NOI has increased by $24k.

Applicant provided insurance quote to support $675 per unit.

The DCR increased from 1.15 to 1.34.

Development Cost

A Schedule of Values or contract bid was not provided, therefore, the Underwriter re-costed out the building using the Architectural Drawings provided in the application with the 2025 Marshall and Swift's costs.

Site Work costs decreased by $231k, Site Amenities costs increased by $101k. Building cost decreased by $725,000. Developer Fee decreased by $314k.

Total Development Costs reduced by $1.29M.

Sources of Funds

The Construction to Perm Loan lender has changed from PNC to Legacy Bank.

The construction loan has been decreased from $10M to $9.7M and the interest rate also decreased from 7.22% to 7%.

The permanent phase loan decreased from $2,874,823 to $2,429,271 and the interest rate increased from 6.75% to 7.5%. Amortization period decreased from 40 to 35 years.

The equity investor changed from PNC to Raymond James.

The Capital Contribution decreased from $10,599,740 to $9,211,679.
The credit price decreased from $0.84 to $0.73.

The Deferred Developer Fee increased from $572,886 to $1,215,346 and pays off in year 15.

The original annual 9% HTC allocation of $1,262,000 is still recommended.

Underwriter:	*Bin Ni*
Manager of Real Estate Analysis:	*Robert Castillo*
Director of Real Estate Analysis:	*Jeanna Adams*

UNIT MIX/RENT SCHEDULE

Athens Trails, Athens, 9% HTC #24215

LOCATION DATA	
CITY:	Athens
COUNTY:	Henderson
Area Median Income	$87,100
PROGRAM REGION:	4
PROGRAM RENT YEAR:	2025

UNIT DISTRIBUTION						
# Beds	# Units	% Total	Assisted	MDL	ARP	Match
Eff	-	0.0%	0	0	0	0
1	24	47.1%	0	0	0	0
2	27	52.9%	0	0	0	0
3	-	0.0%	0	0	0	0
4	-	0.0%	0	0	0	0
5	-	0.0%	0	0	0	0
TOTAL	51	100.0%	-	-	-	-

PRO FORMA ASSUMPTIONS	
Revenue Growth	2.00%
Expense Growth	3.00%
Basis Adjust	130%
Applicable Fraction	100.00%
APP % Acquisition	4.00%
APP % Construction	9.00%
Average Unit Size	759 sf

57%	Income	20%	30%	40%	50%	60%	70%	80%	EO / MR	TOTAL
Average Income	# Units	-	3	-	8	40	-	-	-	51
	% Total	0.0%	5.9%	0.0%	15.7%	78.4%	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%	$486	2	1	1	649	$486	$64	$422	$0	$0.65	$422	**$844**	**$844**	$422	$0.65	$0	$1,123	$1.73	$1,123
TC 50%	$811	5	1	1	649	$811	$64	$747	$0	$1.15	$747	**$3,735**	**$3,735**	$747	$1.15	$0	$1,123	$1.73	$1,123
TC 60%	$973	17	1	1	649	$973	$64	$909	$0	$1.40	$909	**$15,453**	**$15,453**	$909	$1.40	$0	$1,123	$1.73	$1,123
TC 30%	$584	1	2	1	856	$584	$83	$501	$0	$0.59	$501	**$501**	**$501**	$501	$0.59	$0	$1,336	$1.56	$1,336
TC 50%	$973	3	2	1	856	$973	$83	$890	$0	$1.04	$890	**$2,670**	**$2,670**	$890	$1.04	$0	$1,336	$1.56	$1,336
TC 60%	$1,168	23	2	1	856	$1,168	$83	$1,085	$0	$1.27	$1,085	**$24,955**	**$24,955**	$1,085	$1.27	$0	$1,336	$1.56	$1,336
TOTALS/AVERAGES:		**51**			**38,688**				**$0**	**$1.24**	**$944**	**$48,158**	**$48,158**	**$944**	**$1.24**	**$0**	**$1,236**	**$1.63**	**$1,236**

ANNUAL POTENTIAL GROSS RENT:	$577,896	$577,896	

STABILIZED PRO FORMA

Athens Trails, Athens, 9% HTC #24215

STABILIZED FIRST YEAR PRO FORMA

	COMPARABLES				APPLICANT				PRIOR REPORT		TDHCA				VARIANCE	
	Database	Henderson County 2024 Comps			% EGI	Per SF	Per Unit	Amount	Applicant	TDHCA	Amount	Per Unit	Per SF	% EGI	%	$
POTENTIAL GROSS RENT						$1.24	$944	$577,896	**$542,184**	**$542,184**	$577,896	$944	$1.24		0.0%	$0
late fees, app fees and retained deposits							$30.00	$18,360	20,520							
Total Secondary Income							$30.00			20,520	$18,360	$30.00			0.0%	$0
POTENTIAL GROSS INCOME								$596,256	$562,704	$562,704	$596,256				0.0%	$0
Vacancy & Collection Loss							7.5% PGI	(44,719)	(42,203)	(42,203)	(44,719)	7.5% PGI			0.0%	-
EFFECTIVE GROSS INCOME								$551,537	$520,501	$520,501	$551,537				0.0%	$0
General & Administrative	$25,576	$501/Unit	$22,287	$437	3.97%	$0.57	$429	$21,875	$23,700	$23,606	$22,287	$437	$0.58	4.04%	-1.8%	(412)
Management	$30,958	8.1% EGI	$30,060	$589	5.00%	$0.71	$541	$27,577	$26,025	$26,025	$27,577	$541	$0.71	5.00%	0.0%	0
Payroll & Payroll Tax	$55,857	$1,095/Unit	$55,077	$1,080	10.50%	$1.50	$1,136	$57,931	$58,425	$58,425	$57,931	$1,136	$1.50	10.50%	0.0%	-
Repairs & Maintenance	$38,090	$747/Unit	$36,833	$722	6.20%	$0.88	$671	$34,200	$37,050	$37,050	$33,150	$650	$0.86	6.01%	3.2%	1,050
Electric/Gas	$8,637	$169/Unit	$6,008	$118	1.85%	$0.26	$200	$10,200	$10,545	$8,641	$6,008	$118	$0.16	1.09%	69.8%	4,192
Water, Sewer, & Trash	$33,939	$665/Unit	$25,659	$503	5.89%	$0.84	$637	$32,500	$34,200	$34,200	$25,659	$503	$0.66	4.65%	26.7%	6,841
Property Insurance	$32,812	$0.85 /sf	$34,242	$671	6.24%	$0.89	$675	$34,432	$31,385	$31,385	$34,432	$675	$0.89	6.24%	0.0%	-
Property Tax (@ 100%) 2.1617	$23,086	$453/Unit	$21,151	$415	10.02%	$1.43	$1,084	$55,284	$44,000	$48,596	$56,289	$1,104	$1.45	10.21%	-1.8%	(1,005)
Reserve for Replacements					2.31%	$0.33	$250	$12,750	$14,250	$14,250	$12,750	$250	$0.33	2.31%	0.0%	-
TDHCA Compliance fees ($40/HTC unit)					0.37%	$0.05	$40	$2,040	$2,280	$2,280	$2,040	$40	$0.05	0.37%	0.0%	-
TOTAL EXPENSES					**52.36%**	**$7.46**	**$5,663**	**$288,789**	**$281,860**	**$284,457**	**$278,123**	**$5,453**	**$7.19**	**50.43%**	**3.8%**	**$ 10,666**
NET OPERATING INCOME ("NOI")					**47.64%**	**$6.79**	**$5,152**	**$262,748**	**$238,641**	**$236,044**	**$273,414**	**$5,361**	**$7.07**	**49.57%**	**-3.9%**	**$ (10,666)**

CONTROLLABLE EXPENSES	$3,073/Unit		$2,844/Unit			

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Athens Trails, Athens, 9% HTC #24215

DEBT / GRANT SOURCES

DEBT (Must Pay)	Fee	APPLICANT'S PROPOSED DEBT/GRANT STRUCTURE: Cumulative DCR UW	Cumulative DCR App	Pmt	Rate	Amort	Term	Principal	Prior Underwriting: Applicant	Prior Underwriting: TDHCA	AS UNDERWRITTEN DEBT/GRANT STRUCTURE: Principal	Term	Amort	Rate	Pmt	Cumulative DCR	Cumulative LTC
Legacy Bank		1.39	1.34	196,550	7.50%	35	15.0	$2,429,271	$2,874,823	$2,874,823	$2,429,271	15.0	35.0	7.50%	$196,550	1.34	18.9%
CASH FLOW DEBT / GRANTS																	
City of Athens		1.39	1.34		0.00%	0	0.0	$250	$250	$250	$250	0.0	0.0	0.00%		1.34	0.0%
				$196,550		**TOTAL DEBT / GRANT SOURCES**		**$2,429,521**	**$2,875,073**	**$2,875,073**	**$2,429,521**			**TOTAL DEBT SERVICE**	**$196,550**	**1.34**	18.9%

NET CASH FLOW	$76,864	$66,198	APPLICANT	NET OPERATING INCOME	$262,748	$66,198	NET CASH FLOW

EQUITY SOURCES

EQUITY / DEFERRED FEES	APPLICANT'S PROPOSED EQUITY STRUCTURE: DESCRIPTION	% Cost	Annual Credit	Credit Price	Amount	Prior Underwriting: Applicant	Prior Underwriting: TDHCA	AS UNDERWRITTEN EQUITY STRUCTURE: Amount	Credit Price	Annual Credit	% Cost	Annual Credits per Unit	Allocation Method
Raymond James	LIHTC Equity	71.6%	$1,262,000	$0.73	$9,211,679	$10,599,740	$10,599,740	$9,211,679	$0.73	$1,262,000	71.6%	$24,745	Applicant Request
Cobblestone Development	Deferred Developer Fees	9.5%	(86% Deferred)		$1,215,346	$572,886	$572,886	$1,215,346	(86% Deferred)		9.5%	**Total Developer Fee:**	**$1,417,500**
TOTAL EQUITY SOURCES		81.1%			$10,427,025	$11,172,626	$11,172,626	$10,427,025			81.1%		

TOTAL CAPITALIZATION	$12,856,546	$14,047,699	$14,047,699	$12,856,546	15-Yr Cash Flow after Deferred Fee:	$39,197

DEVELOPMENT COST / ITEMIZED BASIS

	APPLICANT COST / BASIS ITEMS: Eligible Basis Acquisition	Eligible Basis New Const. Rehab	Total Costs		Prior Underwriting: Applicant	Prior Underwriting: TDHCA	TDHCA COST / BASIS ITEMS: Total Costs			Eligible Basis New Const. Rehab	Eligible Basis Acquisition	COST VARIANCE %	COST VARIANCE $
Land Acquisition			$ / Unit	$0	$0	$0	$0	$ / Unit				0.0%	$0
Building Acquisition	$0		$3,922 / Unit	$200,000	$200,000	$200,000	$200,000	$3,922 / Unit			$0	0.0%	$0
Off-Sites		$0	$ / Unit	$0	$0	$0	$0	$ / Unit		$0		0.0%	$0
Site Work		$926,335	$22,326 / Unit	$1,138,638	$1,369,752	$1,369,752	$1,138,638	$22,326 / Unit		$926,335		0.0%	$0
Site Amenities		$206,753	$4,054 / Unit	$206,753	$105,000	$105,000	$206,753	$4,054 / Unit		$206,753		0.0%	$0
Building Cost		$5,598,927	$165.07 /sf	$125,224/Unit	$6,386,415	$7,111,415	$7,217,037	$6,547,214	$128,377/Unit	$169.23 /sf	$5,598,927	-2.5%	($160,799)
Contingency		$386,590	5.74%	5.00%	$386,590	$429,308	$429,308	$386,590	4.90%	5.74%	$386,590	0.0%	$0
Contractor Fees		$996,604	14.00%	14.00%	$1,136,576	$1,262,167	$1,262,167	$1,136,576	13.73%	14.00%	$996,604	0.0%	$0
Soft Costs	$0	$768,571	$15,364 / Unit		$783,571	$662,159	$662,159	$783,571	$15,364 / Unit		$768,571	$0	0.0%	$0
Financing	$0	$840,291	$18,781 / Unit		$957,834	$931,625	$931,625	$957,834	$18,781 / Unit		$840,291	$0	0.0%	$0
Developer Fee	$0	$1,417,500	14.58%	13.22%	$1,417,500	$1,731,633	$1,731,633	$1,417,500	13.02%	14.58%	$1,417,500	$0	0.0%	$0
Reserves			6 Months		$242,670	$244,640	$244,640	$242,670	6 Months				0.0%	$0
TOTAL HOUSING DEVELOPMENT COST (UNADJUSTED BASIS)	**$0**	**$11,141,571**	$252,089 / Unit		**$12,856,547**	**$14,153,320**	**$14,153,320**	**$13,017,346**	$255,242 / Unit		**$11,141,571**	**$0**	**-1.2%**	**($160,799)**
Acquisition Cost	$0				$0	$0								
Contingency		$0			$0	$0								
Contractor's Fee		$0			($1)	$0								
Financing Cost		$0												
Developer Fee	$0	$0			$0	$0								
Reserves					$0	$0								
ADJUSTED BASIS / COST	**$0**	**$11,141,571**	$252,089/unit		**$12,856,546**	**$14,047,699**	**$14,153,320**	**$13,017,346**	$255,242/unit		**$11,141,571**	**$0**	**-1.2%**	**($160,800)**

TOTAL HOUSING DEVELOPMENT COSTS (Applicant's Uses are within 5% of TDHCA Estimate):	$12,856,546

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Athens Trails, Athens, 9% HTC #24215

CREDIT CALCULATION ON QUALIFIED BASIS

	Applicant		TDHCA	
	Acquisition	**Construction Rehabilitation**	**Acquisition**	**Construction**
ADJUSTED BASIS	$0	$11,141,571	$0	$11,141,571
Deduction of Federal Grants	$0	$0	$0	$0
TOTAL ELIGIBLE BASIS	$0	$11,141,571	$0	$11,141,571
High Cost Area Adjustment		130%		130%
TOTAL ADJUSTED BASIS	$0	$14,484,042	$0	$14,484,042
Applicable Fraction	100.00%	100.00%	100%	100%
TOTAL QUALIFIED BASIS	$0	$14,484,042	$0	$14,484,042
Applicable Percentage	4.00%	9.00%	4.00%	9.00%
ANNUAL CREDIT ON BASIS	$0	$1,303,564	$0	$1,303,564
CREDITS ON QUALIFIED BASIS	$1,303,564		$1,303,564	

	ANNUAL CREDIT CALCULATION BASED ON APPLICANT BASIS		**FINAL ANNUAL LIHTC ALLOCATION**		
			Credit Price $0.7299	**Variance to Request**	
Method	Annual Credits	Proceeds	**Credit Allocation**	**Credits**	**Proceeds**
Eligible Basis	$1,303,564	$9,515,064	**----**	**----**	**----**
Needed to Fill Gap	$1,428,502	$10,427,025	**----**	**----**	**----**
Applicant Request	$1,262,000	$9,211,679	**$1,262,000**	**$0**	**$0**

BUILDING COST ESTIMATE

CATEGORY	FACTOR	UNITS/SF	PER SF	
Base Cost: Elevator Served		38,688 SF	$126.16	4,880,764
Adjustments				
Exterior Wall Finish	2.70%		3.41	$131,781
Elderly	9.00%		11.35	439,269
9-Ft. Ceilings	3.34%		4.21	162,895
Roof Adjustment(s)			0.00	0
Subfloor			(0.21)	(8,253)
Floor Cover			3.68	142,372
Enclosed Corridors	$114.81	5,838	17.32	670,243
Balconies	$39.95	3,315	3.42	132,434
Plumbing Fixtures	$1,420	0	0.00	0
Rough-ins	$700	102	1.85	71,400
Built-In Appliances	$2,280	51	3.01	116,280
Exterior Stairs	$3,550	4	0.37	14,200
Heating/Cooling			3.12	120,707
Storage Space	$114.81	0	0.00	0
Carports	$16.05	0	0.00	0
Garages	$30.00	0	0.00	0
Common/Support Area	$130.82	3,752	12.69	490,818
Elevators	$143,400	1	3.71	143,400
Other:			0.00	0
Fire Sprinklers	$3.65	48,278	4.55	176,215
SUBTOTAL			**198.63**	**7,684,524**
Current Cost Multiplier	1.00		0.00	0
Local Multiplier	1.00		0.00	0
Reserved				0
TOTAL BUILDING COSTS			**198.63**	**$7,684,524**
Plans, specs, survey, bldg permits	3.30%		(6.55)	($253,589)
Contractor's OH & Profit	11.50%		(22.84)	(883,720)
NET BUILDING COSTS		$128,377/unit	$169.23/sf	$6,547,214

Long-Term Pro Forma

Athens Trails, Athens, 9% HTC #24215

	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%	$551,537	$562,568	$573,819	$585,295	$597,001	$659,138	$727,741	$803,485	$887,112	$979,444	$1,081,385	$0
TOTAL EXPENSES	3.00%	$288,789	$297,177	$305,811	$314,698	$323,847	$373,779	$431,494	$498,211	$575,346	$664,536	$767,676	$0
NET OPERATING INCOME ("NOI")		**$262,748**	**$265,391**	**$268,008**	**$270,597**	**$273,155**	**$285,358**	**$296,247**	**$305,274**	**$311,766**	**$314,908**	**$313,709**	**$0**
EXPENSE/INCOME RATIO		52.4%	52.8%	53.3%	53.8%	54.2%	56.7%	59.3%	62.0%	64.9%	67.8%	71.0%	0.0%
MUST -PAY DEBT SERVICE													
Legacy Bank		$196,550	$196,550	$196,550	$196,550	$196,550	$196,550	$196,550	$196,550	$196,550	$196,550	$196,550	$0
TOTAL DEBT SERVICE		$196,550	$196,550	$196,550	$196,550	$196,550	$196,550	$196,550	$196,550	$196,550	$196,550	$196,550	$0
DEBT COVERAGE RATIO		1.34	1.35	1.36	1.38	1.39	1.45	1.51	1.55	1.59	1.60	1.60	0.00
ANNUAL CASH FLOW		**$66,198**	**$68,840**	**$71,458**	**$74,047**	**$76,604**	**$88,808**	**$99,697**	**$108,724**	**$115,216**	**$118,358**	**$117,159**	**$0**
Deferred Developer Fee Balance		$1,149,149	$1,080,308	$1,008,851	$934,804	$858,199	$438,137	$0	$0	$0	$0	$0	$0
CUMULATIVE NET CASH FLOW		$0	$0	$0	$0	$0	$0	$39,197	$565,631	$1,129,892	$1,716,922	$2,307,073	$0

Aug 25th, 2025
Sussette Kenney
Asset Management
TDHCA
P.O. BOX 13941
Austin, TX 78711-3941

Re: HTC 24215 Athens Trails Material Amendment Request

Dear Ms. Kenney,

This letter concerns a material amendment request for HTC 24215 Athens Trails to reduce the total number of units from 57 units to 51 units (with associated architectural changes). This request is due to financing challenges that are out of the Applicant's control.

At the time of the 2024 application submittal, many of the disruptions caused by COVID-19 in the housing industry had begun to stabilize. However, since then, the developer has faced significant and compounding financial challenges, including new increases in construction costs, declining equity pricing, and rising interest rates, all of which have created a budget gap.

One of the primary drivers of increased construction costs has been the uncertainty concerning tariffs on key building materials. Cost increases due to tariffs have had widespread impact across the construction industry. In response, the developer sought competitive bids from multiple contractors to mitigate costs, but even the most favorable estimates were still significantly higher than those available at the time of the original application.

The equity market has changed significantly since the original application. The moment the development was awarded, the developers approached multiple syndicators to find the most competitive equity pricing. Most refused to even bid, citing the new market conditions. After much effort, the developer was able to secure a syndicator LOI with the most favorable equity pricing available, at $0.73 per tax credit dollar. At the time of the application, the equity pricing was $0.84. This new equity pricing is a 13.10% decrease from where the equity market was at the time of application.

In conjunction with the decrease in equity pricing, interest rates have risen. At the time of the application, interest rates were 7.22% for the construction loan and 6.75% for the permanent loan. In these new market conditions, the best interest rates the developer was able to find were 7.0% for the construction loan and 7.5% for the permanent loan.

Faced with these new economic conditions, the developer reviewed their options and determined that the only method of resolving the deficit was by decreasing the total number of units. At application 57 units, all low income, was proposed. This amendment requests a reduction of 6 units, for a total of 51 units. This is a 10.53% reduction. We understand that this decrease is more than the 10% that the TDHCA Board has approved in the past; however, the board has approved reductions over 10% in the past when they have been just above the 10% threshold. The developer tried to keep the reduction below 10% but found that a 51 unit building design was significantly more cost effective than a 52 unit building design.

In the original application, 57 units were proposed, a mix of 30 1-bed/1-bath units and 27 2-bed/1-bath units. The new proposed unit mix has 51units and will be comprised of 24 1-bed/1-bath units and 27 2-bed/1-bath units. The unit sizes will remain the same and the reduction of units has decreased the NRA from 42,582 SF to 38,688 SF, a 9.14 % decrease. The architectural layout and design from the original application has largely stayed the same with the change in number of units impacting the overall size of the development. The common area has decreased from 10,100 SF to 9,540 SF, an 5.54% reduction.

The number of mobility units at application was 3, two 1-bed/1-bath units and one 2-bed/1-bath and the number of HV units was 2, one 1-bed/1-bath units and one 2-bed/1-bath. The number and distribution of HV units have remained the same, but due to the change in the unit mix composition, the proposed changes mean that there will now be one 1-bed/1-bath units and two 2-bed/1-bath mobility units.

At application the income unit mix was 9% for 30% AMI, 21% for 50% AMI and 70% for 60% AMI. The developer attempted to maintain this income unit mix, but to maximize the number of units, the developer had no choice but to increase the number of 60% units. As such the income mix is now 6% for 30% AMI, 16% for 50% AMI and 78% for 60% AMI.

The number of parking spaces has been reduced to correspond with the reduction in the number of units. Total parking is now 96 which meets local requirements. The number of ADA and van parking spots will remain the same.

Please note that although this amendment does result in a decrease in points, the next deal was 18 points below this development. As such if this development had originally applied with this number of points, it would have still been awarded

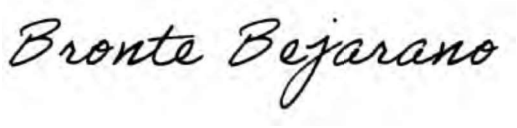
Please see the attached architectural plans and application forms regarding the unit reduction. Financial letters are provided by Legacy Bank who has reviewed this project and upon approval of this amendment and a force majeure request will allow the developer to close almost immediately after the September board meeting. Please also see the attached from Raymond

Jones that elaborates on the need for this amendment and confirms that this development is infeasible without the reduction in units.

Thank you for your attention and consideration of this amendment request. If this amendment is approved, the developer is prepared to close in October 2025 and begin construction shortly thereafter. The good cause for this amendment is to enable this project to move forward and provide much needed affordable units in Athens. This application is also requesting a Credit Return Resulting from Force Majeure Events that has been submitted under separate cover.

Please contact me at 512-689-9409 with any questions.

Sincerely,



Bronte Bejarano

S Anderson Consulting

LEGACY
BANK & TRUST

July 21, 2025

Ryan Hamilton
Trinity Housing Development Texas, LLC
3556 S. Culpepper, Suite 7
Springfield, MO

RE: Athens Trails – Request for Unit Count Adjustment and Placed-in-Service Extension
TDHCA #24215

Dear Mr. Hamilton,

Legacy Bank appreciates the opportunity to work alongside your team on the Athens Trails development. After careful evaluation of the current project assumptions, we want to provide our perspective as the prospective lender regarding two key issues that have emerged: development feasibility and timing constraints related to the placed-in-service (PIS) deadline.

Given today's financial environment, particularly rising construction costs and increasing insurance premiums, the originally proposed unit count and capital structure present challenges to long-term viability. Based on updated projections, we support your consideration of a reduced unit count in order to bring the project within feasible operating and financial parameters.

We also understand that the current closing timeline projects a mid-to-late October 2025 funding date. With a 16-month construction schedule, this would push project completion past the threshold normally required by our underwriting standards, which call for a minimum three-month buffer ahead of the PIS deadline. As it stands, the December 31, 2026 PIS requirement presents a risk of noncompliance.

Accordingly, Legacy Bank supports a formal request to extend the placed-in-service deadline to **December 31, 2027**, under a force majeure or other applicable waiver. We believe this extension is not only reasonable but necessary to allow sufficient time for construction and stabilization without compromising the project's success.

We remain committed to working collaboratively toward a successful closing and look forward to helping bring this important housing development to life.

Sincerely,

Julie Snodderly
SVP, Director of Originations Affordable Housing

RAYMOND JAMES®

July 20, 2025

Ryan Hamilton
Trinity Housing Development Texas, LLC
3556 S. Culpepper, Suite 7
Springfield, MO

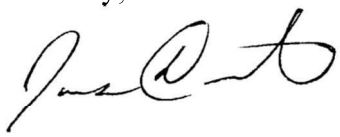
RE: Gatesville Crossing & Athens Trails Unit Count Reduction & Placed In Service Request
TDHCA #24224 & 24215

Dear Mr. Hamilton,

As the proposed syndicator for the abovementioned developments, I need to raise the concerns regarding viability of the underwriting and the Placed In Service date of 12/31/26. After multiple reviews of the underwriting, it has become apparent that the current market conditions do not appear to make these developments viable without an adjustment to the tax credit price. At the time the General Partner submitted these applications, the equity market was noticeably different then where we are today. Based on current market conditions, RJAHI has proposed tax credit pricing of $0.73 to satisfy current investor return requirements. This adjustment in pricing coupled with the headwinds of the higher construction costs in the development budget and insurance costs in the operating budget make the developments only feasible by reducing the unit count.

Additionally, we plan to diligently work toward a closing with the overall development team, but based on current timing, it seems that a closing date of mid to late October is realistic. It is our typical underwriting guideline to have a 90 day buffer to the construction schedule when compared to the completion date. Given the current construction schedule of 16 months and a closing in mid/late October, we would exceed our underwriting guideline as well as the Placed In Service deadline of 12/31/26. Therefore, please consider this request to grant a force majeure change with a Placed In Service deadline of 12/31/27.

Sincerely,



James Dunton
Managing Director of Acquisitions
Raymond James Affordable Housing Investments, Inc.

recv'd 9/16/25 at 9:40 am

ATHENS TRAILS

ATHENS, HENDERSON COUNTY, TEXAS

INDEX TO DRAWINGS

AP0	COVER SHEET
AP1	ARCHITECTURAL SITE PLAN
AP2	FIRST FLOOR RESIDENTIAL BUILDING FLOOR PLAN
AP3	SECOND FLOOR RESIDENTIAL BUILDING FLOOR PLAN
AP4	THIRD FLOOR RESIDENTIAL BUILDING FLOOR PLAN
AP5	RESIDENTIAL FHA 1-BR & ADA 1-BR UNIT FLOOR PLANS
AP6	RESIDENTIAL FHA 2-BR & ADA 2-BR UNIT FLOOR PLANS
AP7	FIRST FLOOR COMMON AREA FLOOR PLANS
AP8	SECOND FLOOR COMMON AREA FLOOR PLANS
AP9	THIRD FLOOR COMMON AREA FLOOR PLANS
AP10	RESIDENTIAL BUILDING EXTERIOR ELEVATIONS
AP11	RESIDENTIAL BUILDING EXTERIOR ELEVATIONS
AP12	SAMPLE RENDERINGS

PROJECT LOCATION

ADDRESS:
414 WEST COLLEGE STREET,
ATHENS, TEXAS 75751

SAMPLE EXTERIOR RENDERING

SEPTEMBER 2025

Wallace ARCHITECTS LLC

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ATHENS TRAILS, LP

ATHENS TRAILS

ATHENS, HENDERSON COUNTY, TEXAS

4833

AP0

9/12/2025 2:30:30 PM

recv'd 9/16/25 at 9:40 am

TABLE 1: UNITS PER FLOOR

UNIT LABEL	NRA PER UNIT TYPE	FLOOR IDENTIFICATION: FIRST FLOOR	SECOND FLOOR	THIRD FLOOR	UNIT TOTALS PER UNIT TYPE
		NUMBER OF UNITS PER FLOOR			
FHA 1-BR	649 SF	7	7	8	22
FHA HEARING/VISUAL 1-BR	649 SF	1	-	-	1
ADA 1-BR	649 SF	-	1	-	1
FHA 2-BR	856 SF	8	8	8	24
FHA HEARING/VISUAL 2-BR	856 SF	-	1	-	1
ADA 2-BR	856 SF	1	-	1	2
TOTAL NUMBER OF UNITS PER FLOOR:		17	17	17	51

TABLE 2: REQUIRED ACCESSIBLE UNITS

UNIT TYPE	IN COMPLIANCE WITH	BUILDING LEVEL: FIRST FLOOR	SECOND FLOOR	THIRD FLOOR	TOTAL
ADA 1-BR	ADA / MOBILITY	-	1	-	1
FHA / H/V 1-BR	HEARING/VISUAL	1	-	-	1
FHA / H/V 2-BR	HEARING/VISUAL	-	1	-	1
ADA 2-BR	ADA / MOBILITY	1	-	1	2
MOBILITY UNITS REQUIRED (51 X 5% =2.55)					
MOBILITY UNITS PROVIDED = 3					
HEARING/VISUAL UNITS REQUIRED (51 X 2% =1.02)					
HEARING/VISUAL UNITS PROVIDED = 2					

TABLE 3: SQUARE FOOT CALCULATIONS FLOOR

NOTE: SQUARE FOOT CALCULATIONS ARE MEASURED FROM OUT TO OUTSIDE FACE OF STUD TO CENTERLINE OF UNIT PARTITION

AREA TYPE	BUILDING LEVEL IDENTIFICATION: FIRST FLOOR	SECOND FLOOR	THIRD FLOOR	DEV. TOTAL
TOTAL NRA	12,896 SF	12,896 SF	12,896 SF	38,688 SF
COMMON AREA - ACCESSIBLE TO TENANTS	3,149 SF	3,199 SF	3,192 SF	9,540 SF
UNIT PORCHES/PATIOS/BALCONIES	1,105 SF	1,105 SF	1,105 SF	3,315 SF
UTILITY CLOSETS - RESTRICTED TO EMPLOYEES	186 SF	45 SF	45 SF	276 SF
EXTERIOR STORAGE	289 SF	289 SF	289 SF	867 SF
TOTAL BUILDING AREA PER FLOOR:	17,625 SF	17,534 SF	17,527 SF	52,686 SF

TABLE 4: PARKING PROVIDED

NOTE: ALL PARKING PROVIDED IS UNCOVERED

TYPE	QUANTITY
STANDARD	89
STANDARD ACCESSIBLE	5
VAN ACCESSIBLE	2
TOTAL PROVIDED:	96
LOCAL PARKING REQUIREMENTS:	(1.75) SPACES PER 1-BR UNIT & (2) SPACES PER 2-BR UNIT
PARKING PROVIDED MEETS ZONING REQUIREMENT	

SITE INFORMATION

LAND AREA:	+/- 2.474 ACRES
EXISTING USE:	VACANT MECHANIC SHOP
CURRENT ZONING:	C
PROPOSED ZONING:	PD (BASE MF-5)
PROPOSED USE:	SENIOR APARTMENTS
DETENTION/RETENTION POND:	SEE SITE PLAN FOR LOCATION
FLOOD PLAIN:	FLOOD ZONE X, NO MITIGATION REQUIRED

UNIT TYPE LEGEND

FHA = FAIR HOUSING ACT
ADA = AMERICANS WITH DISABILITIES ACT
H/V = HEARING/VISUAL

SITE LEGEND

- ACCESSIBLE ROUTE (36" MIN. WIDTH, 2% CROSS SLOPE MAX, 5% RUNNING SLOPE MAX.)
- ADA ACCESSIBLE
- HEARING/VISUAL (H/V) ACCESSIBLE

SEPTEMBER 2025

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ATHENS TRAILS, LP

ATHENS TRAILS

ATHENS, HENDERSON COUNTY, TEXAS

4833

AP1

9/12/2025 2:30:32 PM

September 22, 2025

Cody Campbell
Director of Multifamily Finance
P.O. Box 13941
Austin, Texas 78701-3941

Re: HTC 24215 Athens Trails– Force Majeure Six Months Extension Request

Dear Mr. Campbell:

I am writing today to submit a Force Majeure six month extension request for a 9% Housing Tax Credit development, Athens Trails which was awarded in 2024. We are currently experiencing various forms of force majeure events that make progressing our project forward, challenging.

At the time of the 2024 application submittal, many of the disruptions caused by COVID-19 in the housing industry had begun to stabilize. However, since then, the Developer has faced significant and compounding financial challenges, including new increases in construction costs, declining equity pricing, and rising interest rates, all of which have created a substantial budget gap.

One of the primary drivers of increased construction costs has been the uncertainty concerning tariffs on key building materials. Cost increases due to tariffs have had widespread impact across the construction industry. In response, the developer sought competitive bids from multiple contractors to mitigate costs, but even the most favorable estimates were still significantly higher than those available at the time of the original application.

The equity market has changed significantly since the original application. The moment the development was awarded, the developers approached multiple syndicators to find the most competitive equity pricing. Most refused to even bid, citing the new market conditions. After much effort, the developer was able to secure a syndicator LOI with the most favorable equity pricing available, at $0.73 per tax credit dollar. At the time of the application, the equity pricing was $0.84. This new equity pricing is a 13.10% decrease from where the equity market was at the time of application.

In conjunction with the decrease in equity pricing, interest rates have risen. At the time of the application, interest rates were 7.22% for the construction loan and 6.75% for the permanent

loan. In these new market conditions, the best interest rates the developer was able to find were 7.0% for the construction loan and 7.5% for the permanent loan.

These converging factors have resulted in unforeseen and unprecedented financial strain since the application was submitted. The Applicant has worked diligently to adjust to these conditions, explore all viable funding options, and preserve the financial viability of the project. The application is currently infeasible as submitted in the original application. In order to preserve tax base for the local municipality and avoid requesting a 100% property tax exemption for the development, an amendment has been submitted to lower costs so that the development will be financially feasible.

The delays associated with the unpredictable financial markets, redesigning the development to make it feasible, and working through the amendment process has delayed the closing of the deal to the point that the Force Majeure is now needed to ensure a Placed in Service date that the developer can meet. These delays were not due to the negligent or willful acts or omission of the Development Owner, Affiliate, or Related Party. The were out of our control and while we do what is within our control to mitigate or prepare for these events, we cannot always plan and prepare for everything.

Thank you for your attention and consideration of this amendment request. If this Force Majeure is approved, the developer is prepared to close in October 2025 and begin construction shortly thereafter.

Please contact Sarah Anderson directly if you have any questions regarding this request.

Sincerely,

Sarah Anderson
S. Anderson Consulting
1305 E. 6th St., Ste 12
Austin, TX 78702
512-554-4721

LEGACY
BANK & TRUST

July 21, 2025

Ryan Hamilton
Trinity Housing Development Texas, LLC
3556 S. Culpepper, Suite 7
Springfield, MO

RE: Athens Trails – Request for Unit Count Adjustment and Placed-in-Service Extension
TDHCA #24215

Dear Mr. Hamilton,

Legacy Bank appreciates the opportunity to work alongside your team on the Athens Trails development. After careful evaluation of the current project assumptions, we want to provide our perspective as the prospective lender regarding two key issues that have emerged: development feasibility and timing constraints related to the placed-in-service (PIS) deadline.

Given today's financial environment, particularly rising construction costs and increasing insurance premiums, the originally proposed unit count and capital structure present challenges to long-term viability. Based on updated projections, we support your consideration of a reduced unit count in order to bring the project within feasible operating and financial parameters.

We also understand that the current closing timeline projects a mid-to-late October 2025 funding date. With a 16-month construction schedule, this would push project completion past the threshold normally required by our underwriting standards, which call for a minimum three-month buffer ahead of the PIS deadline. As it stands, the December 31, 2026 PIS requirement presents a risk of noncompliance.

Accordingly, Legacy Bank supports a formal request to extend the placed-in-service deadline to **December 31, 2027**, under a force majeure or other applicable waiver. We believe this extension is not only reasonable but necessary to allow sufficient time for construction and stabilization without compromising the project's success.

We remain committed to working collaboratively toward a successful closing and look forward to helping bring this important housing development to life.

Sincerely,

Julie Snodderly

Julie Snodderly
SVP, Director of Originations Affordable Housing

RAYMOND JAMES®

July 20, 2025

Ryan Hamilton
Trinity Housing Development Texas, LLC
3556 S. Culpepper, Suite 7
Springfield, MO

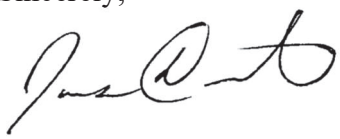
RE: Gatesville Crossing & Athens Trails Unit Count Reduction & Placed In Service Request
TDHCA #24224 & 24215

Dear Mr. Hamilton,

As the proposed syndicator for the abovementioned developments, I need to raise the concerns regarding viability of the underwriting and the Placed In Service date of 12/31/26. After multiple reviews of the underwriting, it has become apparent that the current market conditions do not appear to make these developments viable without an adjustment to the tax credit price. At the time the General Partner submitted these applications, the equity market was noticeably different then where we are today. Based on current market conditions, RJAHI has proposed tax credit pricing of $0.73 to satisfy current investor return requirements. This adjustment in pricing coupled with the headwinds of the higher construction costs in the development budget and insurance costs in the operating budget make the developments only feasible by reducing the unit count.

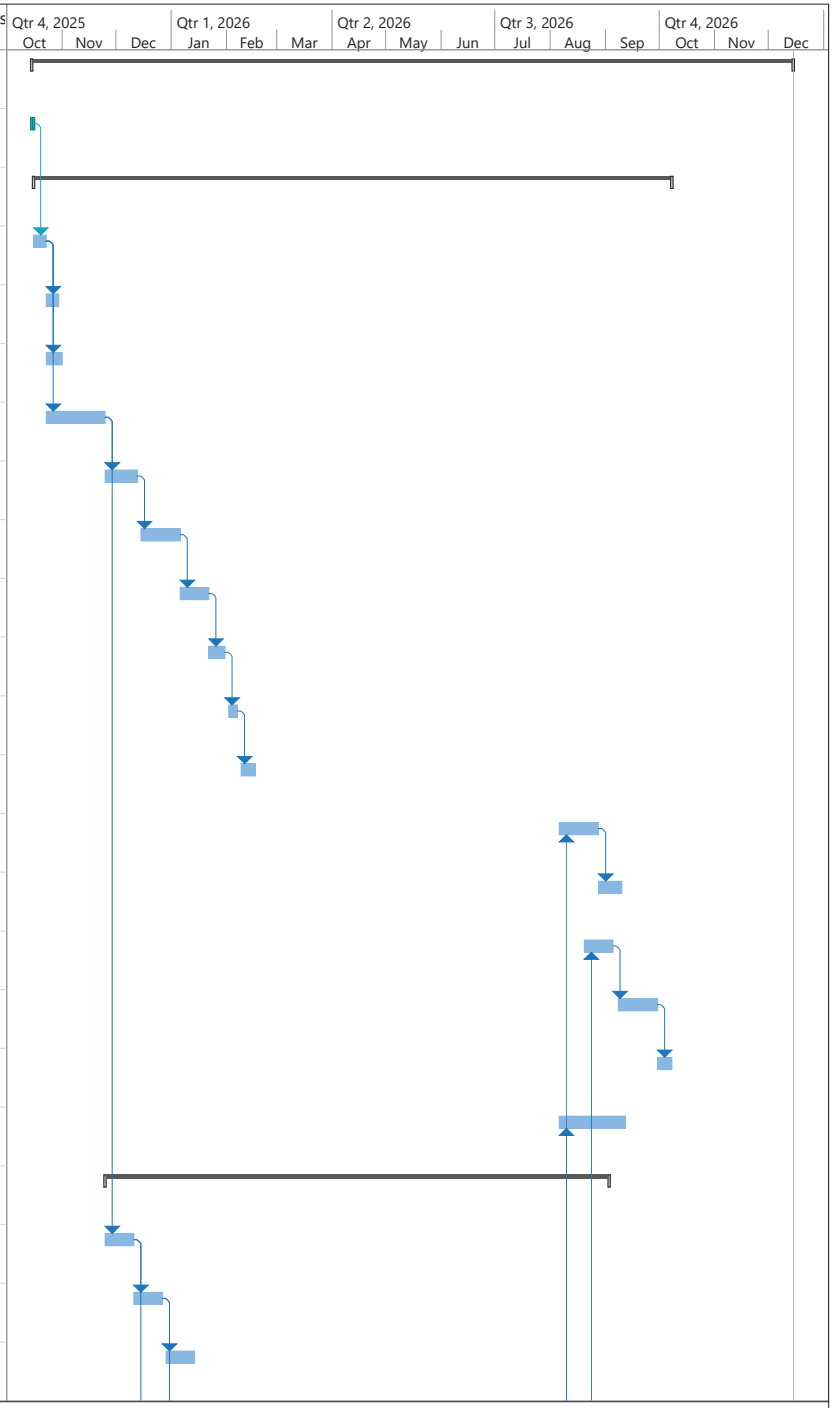
Additionally, we plan to diligently work toward a closing with the overall development team, but based on current timing, it seems that a closing date of mid to late October is realistic. It is our typical underwriting guideline to have a 90 day buffer to the construction schedule when compared to the completion date. Given the current construction schedule of 16 months and a closing in mid/late October, we would exceed our underwriting guideline as well as the Placed In Service deadline of 12/31/26. Therefore, please consider this request to grant a force majeure change with a Placed In Service deadline of 12/31/27.

Sincerely,

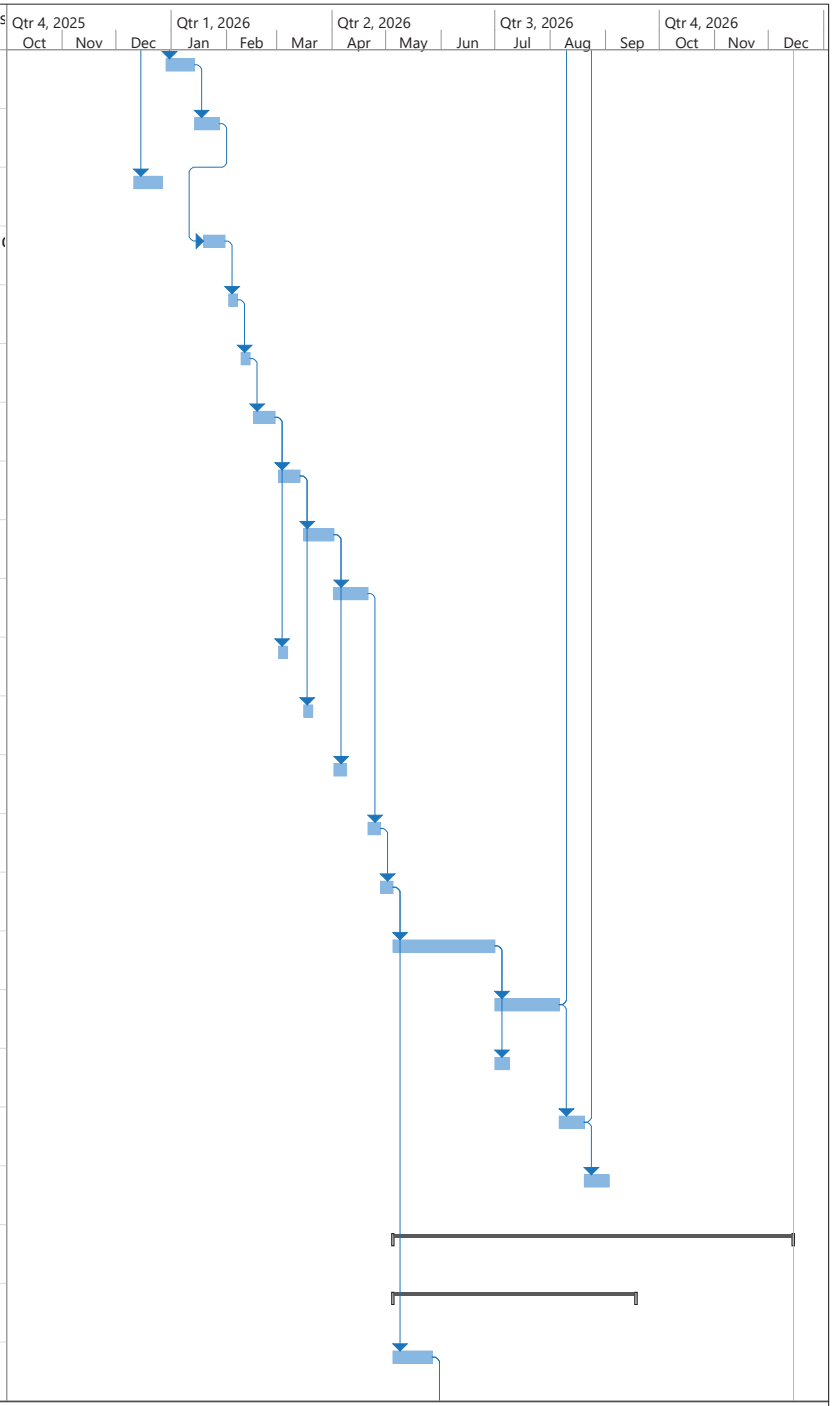


James Dunton
Managing Director of Acquisitions
Raymond James Affordable Housing Investments, Inc.

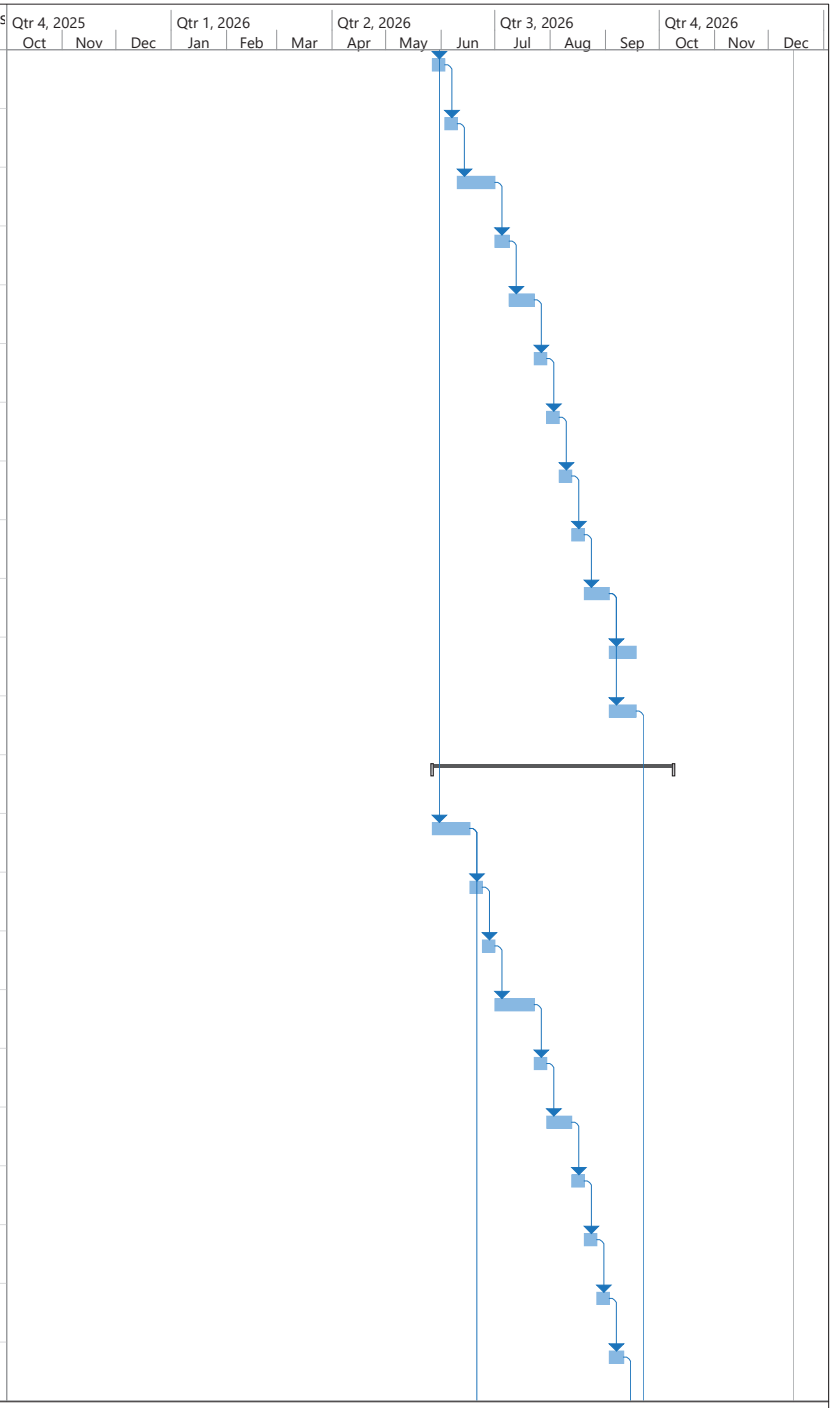
ID	Task Mode	Task Name	Duration	Start	Finish	Predeces
1		**Athens Trails**	**293 days**	**Wed 10/15/25**	**Mon 12/14/26**	
2		Notice to Proceed	1 day	Wed 10/15/25	Wed 10/15/25	
3		**Site Construction**	**246 days**	**Thu 10/16/25**	**Wed 10/7/26**	
4		Survey -SWPPP/Grades/Utils	5 days	Thu 10/16/25	Wed 10/22/25	2
5		Install Ph 1 Erosion Measures	5 days	Thu 10/23/25	Wed 10/29/25	4
6		Temp Site Power	7 days	Thu 10/23/25	Fri 10/31/25	4
7		Grade Building Pad and Parking Lot	23 days	Thu 10/23/25	Mon 11/24/25	4
8		Install Water Lines and Fire Hydrants	12 days	Tue 11/25/25	Fri 12/12/25	7
9		Install Sewer	12 days	Mon 12/15/25	Mon 1/5/26	8
10		Install Storm Sewer	12 days	Tue 1/6/26	Wed 1/21/26	9
11		Install Underground Elec and Trans Pad	7 days	Thu 1/22/26	Fri 1/30/26	10
12		Pour Trans PAD	5 days	Mon 2/2/26	Fri 2/6/26	11
13		Pull Wire and Set Up Temp Power	6 days	Mon 2/9/26	Mon 2/16/26	12
14		Install Curb and Gutters	16 days	Thu 8/6/26	Thu 8/27/26	40
15		Install Base Asphalt Areas	8 days	Fri 8/28/26	Wed 9/9/26	14
16		Flatwork Front of Bldg	12 days	Thu 8/20/26	Fri 9/4/26	42
17		Pave Site	16 days	Tue 9/8/26	Tue 9/29/26	16
18		Striping and Signage	6 days	Wed 9/30/26	Wed 10/7/26	17
19		Landscape & Irrigation	26 days	Thu 8/6/26	Fri 9/11/26	40
20		**Building Structure/Exterior**	**194 days**	**Tue 11/25/25**	**Wed 9/2/26**	
21		Dig and Pour Ext Footings	10 days	Tue 11/25/25	Wed 12/10/25	7
22		Dig and Pour 1/2 Interior Footings	10 days	Thu 12/11/25	Fri 12/26/25	21
23		Dig and Pour 2nd Half of Interior Footings	10 days	Mon 12/29/25	Tue 1/13/26	22



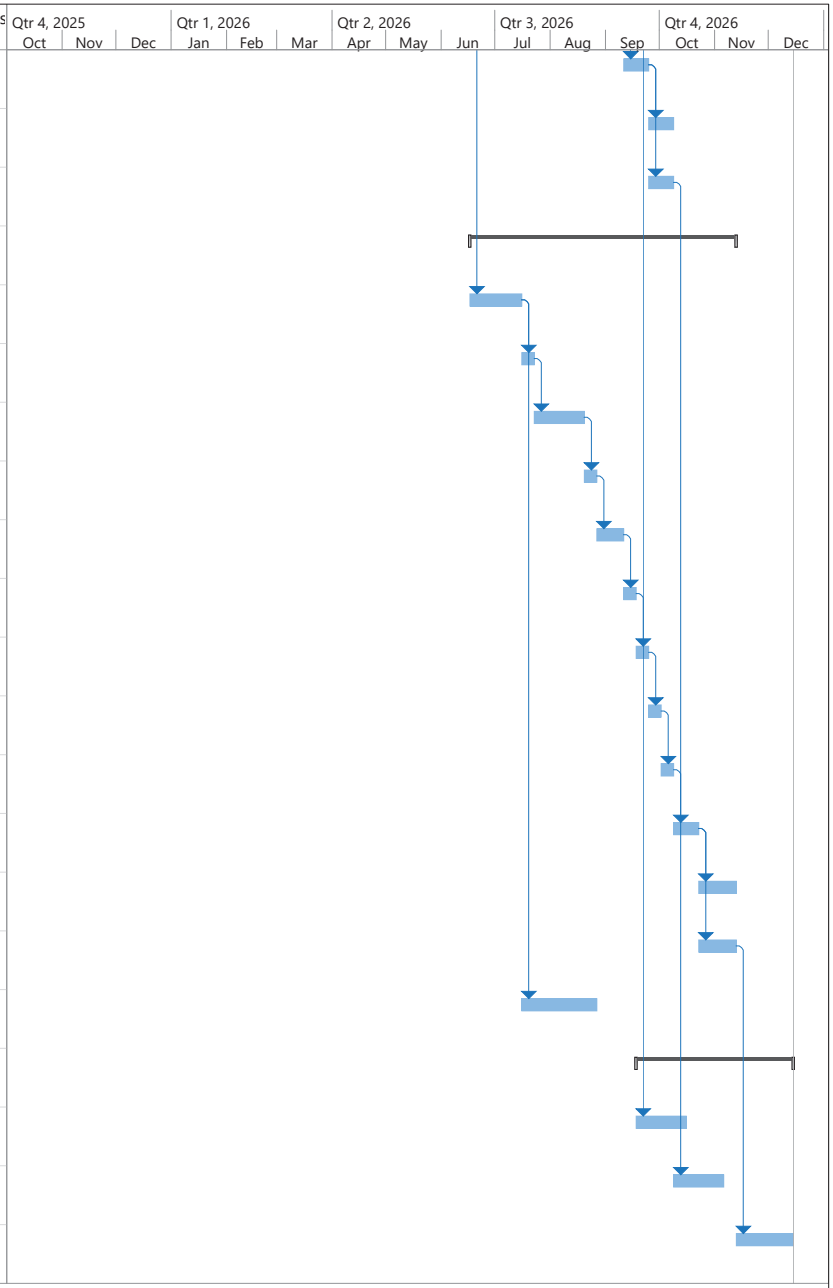
ID	Task Mode	Task Name	Duration	Start	Finish	Predeces
24		UnderSlab Plumbing 1/2	10 days	Mon 12/29/25	Tue 1/13/26	22
25		Underslab Plumbing 2nd Half	10 days	Wed 1/14/26	Tue 1/27/26	24
26		Underslab Elect (Ground, Primary, Mech Units)	10 days	Thu 12/11/25	Fri 12/26/25	21
27		Place Rock, Moisture Barrier, Steel, Pour Slab	10 days	Mon 1/19/26	Fri 1/30/26	25FS-7 d
28		Inspect Slab/Prepare Pour	5 days	Mon 2/2/26	Fri 2/6/26	27
29		Strucutral Steel	5 days	Mon 2/9/26	Fri 2/13/26	28
30		Frame First Floor	10 days	Mon 2/16/26	Fri 2/27/26	29
31		Frame Second Floor	10 days	Mon 3/2/26	Fri 3/13/26	30
32		Frame Third Floor	13 days	Mon 3/16/26	Wed 4/1/26	31
33		Roof Trusses/Fascia Band/Deck	13 days	Thu 4/2/26	Mon 4/20/26	32
34		First Floor Windows/Stair Doors	5 days	Mon 3/2/26	Fri 3/6/26	30
35		Second Floor Windows	5 days	Mon 3/16/26	Fri 3/20/26	31
36		Thirid Floor Windows	5 days	Thu 4/2/26	Wed 4/8/26	32
37		MEP Roof Penetrations	5 days	Tue 4/21/26	Mon 4/27/26	33
38		Shingle Roof	5 days	Tue 4/28/26	Mon 5/4/26	37
39		Brick	40 days	Tue 5/5/26	Tue 6/30/26	38
40		Siding	25 days	Wed 7/1/26	Wed 8/5/26	39
41		Store Front	5 days	Wed 7/1/26	Wed 7/8/26	39
42		Soffit/Fascia	10 days	Thu 8/6/26	Wed 8/19/26	40
43		Gutter Downspouts	10 days	Thu 8/20/26	Wed 9/2/26	42
44		**Building Interior**	**155 days**	**Tue 5/5/26**	**Mon 12/14/26**	
45		**Third Floor**	**95 days**	**Tue 5/5/26**	**Thu 9/17/26**	
46		MEP Rough In/Inspections	15 days	Tue 5/5/26	Tue 5/26/26	38



ID	Task Mode	Task Name	Duration	Start	Finish	Predeces
47		Gypcrete	5 days	Wed 5/27/26	Tue 6/2/26	46
48		Insulate	5 days	Wed 6/3/26	Tue 6/9/26	47
49		Drywall/Texture	15 days	Wed 6/10/26	Tue 6/30/26	48
50		Prime Walls	5 days	Wed 7/1/26	Wed 7/8/26	49
51		Set Doors	10 days	Thu 7/9/26	Wed 7/22/26	50
52		First Coat Paint	5 days	Thu 7/23/26	Wed 7/29/26	51
53		Flooring	5 days	Thu 7/30/26	Wed 8/5/26	52
54		Millwork	5 days	Thu 8/6/26	Wed 8/12/26	53
55		Trim	5 days	Thu 8/13/26	Wed 8/19/26	54
56		Final Paint	10 days	Thu 8/20/26	Wed 9/2/26	55
57		MEP Trim Out	10 days	Thu 9/3/26	Thu 9/17/26	56
58		Final Hardware/Accessories/Appliances	10 days	Thu 9/3/26	Thu 9/17/26	56
59		**Second Floor**	**95 days**	**Wed 5/27/26**	**Thu 10/8/26**	
60		MEP Rough In/Inspections	15 days	Wed 5/27/26	Tue 6/16/26	46
61		Gypcrete	5 days	Wed 6/17/26	Tue 6/23/26	60
62		Insulate	5 days	Wed 6/24/26	Tue 6/30/26	61
63		Drywall/Texture	15 days	Wed 7/1/26	Wed 7/22/26	62
64		Prime Walls	5 days	Thu 7/23/26	Wed 7/29/26	63
65		Set Doors	10 days	Thu 7/30/26	Wed 8/12/26	64
66		First Coat Paint	5 days	Thu 8/13/26	Wed 8/19/26	65
67		Flooring	5 days	Thu 8/20/26	Wed 8/26/26	66
68		Millwork	5 days	Thu 8/27/26	Wed 9/2/26	67
69		Trim	5 days	Thu 9/3/26	Thu 9/10/26	68



ID	Task Mode	Task Name	Duration	Start	Finish	Predeces
70		Final Paint	10 days	Fri 9/11/26	Thu 9/24/26	69
71		MEP Trim Out	10 days	Fri 9/25/26	Thu 10/8/26	70
72		Final Hardware/Accessories/Appliances	10 days	Fri 9/25/26	Thu 10/8/26	70
73		**First Floor**	**105 days**	**Wed 6/17/26**	**Thu 11/12/26**	
74		MEP Rough In/Inspections	20 days	Wed 6/17/26	Wed 7/15/26	60
75		Insulate	5 days	Thu 7/16/26	Wed 7/22/26	74
76		Drywall/Texture	20 days	Thu 7/23/26	Wed 8/19/26	75
77		Prime Walls	5 days	Thu 8/20/26	Wed 8/26/26	76
78		Set Doors	10 days	Thu 8/27/26	Thu 9/10/26	77
79		First Coat Paint	5 days	Fri 9/11/26	Thu 9/17/26	78
80		Flooring	5 days	Fri 9/18/26	Thu 9/24/26	79
81		Millwork	5 days	Fri 9/25/26	Thu 10/1/26	80
82		Trim	5 days	Fri 10/2/26	Thu 10/8/26	81
83		Final Paint	10 days	Fri 10/9/26	Thu 10/22/26	82
84		MEP Trim Out	15 days	Fri 10/23/26	Thu 11/12/26	83
85		Final Hardware/Accessories/Appliances	15 days	Fri 10/23/26	Thu 11/12/26	83
86		**Elevator Installation**	30 days	Thu 7/16/26	Wed 8/26/26	74
87		**Final Cleaning Punch List**	**60 days**	**Fri 9/18/26**	**Mon 12/14/26**	
88		Third Floor	20 days	Fri 9/18/26	Thu 10/15/26	58
89		Second Floor	20 days	Fri 10/9/26	Thu 11/5/26	72
90		First Floor	20 days	Fri 11/13/26	Mon 12/14/26	85



File #: 1162 **Agenda Date:** 10/9/2025 **Agenda #:** 20.

Presentation, discussion, and possible action regarding a Material Amendment to the Housing Tax Credit Application 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 Gatesville Crossing (HTC #24224)

RECOMMENDED ACTION

WHEREAS, Gatesville Crossing (Development) received an award of 9% Housing Tax Credits (HTCs) in 2024 for the new construction of 32 multifamily units, 28 of which were designated as low-income units, for the general population in Gatesville, Coryell County;

WHEREAS, Gatesville Crossing, LP (Applicant) requests approval for a decrease of six units in the total number of units from 32 to 26, by removing all four market rate units and two low-income units to ensure financial feasibility, representing a reduction of 7.14% in the number of low-income units and a reduction of 18.75% in the overall number of units;

WHEREAS, the reduction in units would result in an 18.75% decrease in residential density, from 5.43 units per acre to 4.41 units per acre;

WHEREAS, the Applicant requests approval for changes to the architectural design of the Development, including a reduction to the Net Rentable Area (NRA) from 32,028 square feet to 25,308 square feet, which is a reduction of 6,720 square feet or 20.98%, and for a reduction in the Common Area from 5,206 square feet to 4,978 feet, representing a reduction of 228 square feet or 4.38%;

WHEREAS, Board approval is required for 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)(2), (4), (5), and (6) and 10 TAC §10.405(a)(4)(B), (D), (E), and (F), and the Owner has complied with the amendment requirements therein;

WHEREAS, the requested changes do not negatively affect the Development or negatively impact the viability of the transaction and would not have caused the Application to not be awarded in the competitive round or affect the HTC amount awarded;

WHEREAS, after receiving its award, the Development Owner executed a Carryover Allocation Agreement that included certifications stating each building receiving an allocation would be placed in service by December 31, 2026;

WHEREAS, the Development Owner has requested an extension to the placement in service deadline under 10 TAC §11.6(5), related to Credit Returns Resulting from Force Majeure Events;

WHEREAS, the Department lacks authority to extend federal placement in service deadlines and may only reset such deadlines by requiring the credits to be returned and immediately reallocated to the Development, as permitted solely under the force majeure provision of the Qualified Allocation Plan (QAP); and

WHEREAS, the Development Owner has submitted documentation demonstrating that a qualifying force majeure event has occurred;

NOW, therefore, it is hereby

RESOLVED, that the requested amendment for Gatesville Crossing 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; and

FURTHER RESOLVED, that the request to treat the matter under the force majeure provisions of 10 TAC §11.6(5) is approved, and that the 2024 Qualified Allocation Plan, Uniform Multifamily Rules, and the 2025 Program Calendar shall be applicable to the Development.

BACKGROUND

Gatesville Crossing was approved for a 9% HTC award in 2024 for the construction of 32 units, of which 28 were designated as low-income units, of multifamily housing for the general population in Gatesville, Coryell County. In a letter dated August 25, 2025, Bronte Bejarano, the representative for the Applicant, requested approval for a material amendment to the Application.

The Applicant is requesting approval for a reduction to the number of units from 32 to 26, by removing the four market units and two HTC units, which represents a reduction of 7.14% in the number of low-income units and a reduction of 18.75% in total units. The reduction to the number of units will result in the reduction to the units at 60% of Area Median Income (AMI) from 28 units to 26 units. There are no changes to the square footage of the units. The Net Rentable Area would decrease from 32,028 square feet to 25,308 square feet, a reduction of 6,720 square feet (20.98%). The revised unit mix includes four one-bedroom units, 18 two-bedroom units, and four three-bedroom units instead of the originally proposed four one-bedroom units, 20 two-bedroom units, and eight three-bedroom units. The Development was originally proposed with two residential buildings, and as proposed in this amendment, all units will be in one building. The reduction to the number of units would result in an 18.75% decrease in residential density from 5.43 units per acre to 4.41 units per acre. Additionally, the Applicant requests approval for a reduction to the total Common Area from 5,206 square feet

to 4,978 square feet due to a reduction to the breezeways size, a decrease of 228 square feet (4.38%), and to reduce the number of parking spaces, all of which are surface, from 55 to 50. The Applicant states that this redesign is needed to ensure financial feasibility of the Development.

The Applicant indicated that, due to circumstances that were not reasonably foreseeable or preventable by the Applicant at the time the Application was submitted, the initial design of the Development is no longer financially viable. The Applicant provided correspondences from the lender and syndicator which respectively cite an increase in the permanent interest rate from 6.75% anticipated at Application to 7.50% currently, and a decrease in credits price from $0.84 anticipated at Application to $0.73 currently. The Applicant states the rural location of the Development is contributing to a particularly steep drop in credit price, and tariffs are contributing to higher construction costs. The provided letter from the syndicator also cites increases in construction costs and property insurance, and changes in the equity markets since their initial underwriting.

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 affected the selection of the Application in the competitive round. 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 recommends approval of the amendment as presented herein.

FORCE MAJEURE BACKGROUND

Development	Gatesville Crossing
Target Population	General
HTC Award	$1,036,766
City	Gatesville
Total Units	32
HTC Units	28
Initial Year of Award	2024
Extension Requested	Six months

Gatesville Crossing is a 32-unit development located in Gatesville, Coryell County. The development received an award of 9% Housing Tax Credits in 2024. As a result, the current deadline to place in service in December 31, 2026.

Since its initial award, the Application has experienced disruptions caused by rising construction costs, fluctuations in equity pricing, and increasing interest rates. At the time of the initial Application, the Owner anticipated equity pricing of $0.84; however, this has since fallen to $0.73. In addition, the interest rate on the permanent loan was expected to be 6.75% but has

risen to 7.5%. These changes have rendered the Development financially infeasible. The material amendment included in this item is necessary for the Development to be feasible.

APPLICABLE RULE

Under 10 TAC §11.6(5), a Development Owner may return credits and receive a reallocation outside the standard allocation process if the return is the result of a qualifying force majeure event occurring prior to issuance of IRS Form(s) 8609. Pursuant to 10 TAC §11.6(5), the Department's Governing Board may approve execution of a Carryover Allocation Agreement for the current program year with the Development Owner that returned the credits, but only if the following conditions are met:

(A) The credits were returned as a result of "Force Majeure" events that occurred before issuance of Forms 8609. Force Majeure events are the following sudden and unforeseen circumstances outside the control of the Development Owner: acts of God such as fire, tornado, flooding, significant and unusual rainfall or subfreezing temperatures, or loss of access to necessary water or utilities as a direct result of significant weather events; explosion; vandalism; orders or acts of military authority; unrelated party litigation; changes in law, rules, or regulations; national emergency or insurrection; riot; acts of terrorism; supplier failures; or materials or labor shortages. If a Force Majeure event is also a presidentially declared disaster, the Department may treat the matter under the applicable federal provisions. Force Majeure events must make construction activity impossible or materially impede its progress.

Staff has reviewed this request and determined that construction cost increases, equity pricing fluctuations, and rising interest rates constitute a force majeure event under the rules.

IMPACT OF BOARD DECISION

If the Board approves the request:

- The credits will be returned and reallocated, with the 2024 Qualified Allocation Plan, Uniform Multifamily Rules, and the 2025 Program Calendar applicable to the Development.
- A new Carryover Allocation Agreement will be executed.
- The new 10% Test deadline will be July 1, 2026.
- The new placed in service deadline will be June 30, 2027.

If the Board denies the request:

- The current placed in service deadline of December 31, 2026, remains in place.
- The Development Owner may either meet the existing deadline, return the credits, or have the award terminated for failing to meet the deadline.
- Returned credits will first be reallocated within the original subregion in accordance with 10 TAC §11.6(2). If no pending applications are eligible within the subregion, the

credits will be added to the statewide collapse for reallocation.

This request has no impact on any funding source other than the Low Income Housing Tax Credit program.

RECOMMENDATION

Staff recommends approval of the request to return and reallocate tax credits for Gatesville Crossing under the force majeure provisions of 10 TAC §11.6(5).

powered by Legistar™

Real Estate Analysis Division
September 23, 2025

Addendum to Underwriting Report

TDHCA Application #: **24224** Program(s): **9% HTC**

Gatesville Crossing

Address/Location: Approx 2909 S Hwy 36

City: Gatesville County: Coryell Zip: 76528

	APPLICATION HISTORY
Report Date	**PURPOSE**
09/09/25	**Amendment**
06/25/24	Initial Underwriting

ALLOCATION

	Previous Allocation				RECOMMENDATION						
TDHCA Program	**Amount**	**Int. Rate**	**Amort**	**Term**	**Amount**	**Int. Rate**	**Amort**	**Perm. Term**	**Perm. Lien**	**Const. Term**	**Const. Lien**
LIHTC (9% Credit)	$1,036,766				**$1,036,766**						

CONDITIONS STATUS

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.

PREVIOUS SET-ASIDES

PREVIOUS TDHCA SET-ASIDES FOR HTC LURA		
Income Limit	Rent Limit	Number of Units
60% of AMI	60% of AMI	28

CURRENT SET-ASIDES

CURRENT TDHCA SET-ASIDES for HTC LURA		
Income Limit	Rent Limit	Number of Units
60% of AMI	60% of AMI	26

PREVIOUS SITE PLAN

NEW SITE PLAN

ANALYSIS

The development originally was awarded a 9% HTC allocation of $1,036,766 in 2024.

The applicant is now requesting a material amendment to reduce the total number of units from 32 to 26. This request resulted from unforeseen financial circumstances. The Applicant is now seeing an increase in construction costs because of tariffs, declining equity pricing and rising interest rates.

The development originally had two buildings with 32 units, which included four Market Rate units and 28 HTC units at 60% AMI. The applicant is now proposing one building with 26 HTC units at 60% AMI.

This reflects a 18.75% decrease in the total number of units and 7.14% decrease in HTC units. The unit sizes will remain the same.

The new unit mix will now be 4 one-bedroom; 18 two-bedroom; and 4 three-bedroom units. The NRA has decreased from 32,208 s.f. to 25,308 s.f. (20.98%).

The common area has also decreased from 5,206 s.f. to 4,978 s.f. (4.38%).

Local parking requirements: 1 spaces for all units and 1 spaces for each 3-BR units;
Total units 26 plus 3 3-BR unit = 29 parking spaces required.
Total parking spaces provided now is 50 spaces. The development meets the local parking requirements.

Operating Pro Forma

2025 rents are being used.

Underwriter chose the comparables with the same property management company and updated the expense with reported year-end 2024 expenses.

Effective Gross Income has decreased from $355,910 to $305,339.

Total Expenses decreased by 18k; NOI has decreased by $32k.

The DCR has increased from 1.15 to 1.31.

Applicant provided insurance quote to support $862 per unit.

Development Cost

A Schedule of Values or contract bid was not provided, therefore, the Underwriter re-costed out the building using the Architectural Drawings provided in the application with the most current available Marshall and Swift's costs.

Underwriter adjusted the base building costs due to low numbers of units in the development.

Building cost decreased by $680k; Site work decreased by $314k; Site Amenities increased by $23k; Developer Fee decreased by $445k.

Total Development Costs decreased by $1.6M.

Sources of Funds

The Construction to Perm Loan lender has changed from PNC to Sterling Bank.

The construction loan amount and interest remained the same; $8.5M / 24months / 7.25%.

The permanent phase loan decreased from $2,204,271 to $1,465,355 and the interest rate increased from 6.75% to 7.5%. The loan term has been increased from 15 years to 16 years.

The equity investor changed from PNC to Raymond James.

The Capital Contribution decreased from $8,707,959 to $7,567,635.

The credit price decreased from $0.84 to $0.73.

The Deferred Developer Fee decreased from $465,113 to $254,462 and pays off in year 7.

Applicant added a General Partner Promissory Note to be paid through cash flow. The loan amount is $435k at 2% interest rate with a 30-year term.

The original annual 9% HTC allocation of $1,036,766 is still recommended.

Underwriter:	*Bin Ni*
Manager of Real Estate Analysis:	*Robert Castillo*
Director of Real Estate Analysis:	*Jeanna Adams*

UNIT MIX/RENT SCHEDULE

Gatesville Crossing, Gatesville, 9% HTC #24224

LOCATION DATA	
CITY:	Gatesville
COUNTY:	Coryell
Area Median Income	$88,900
PROGRAM REGION:	8
PROGRAM RENT YEAR:	2025

UNIT DISTRIBUTION						
# Beds	# Units	% Total	Assisted	MDL	ARP	Match
Eff	-	0.0%	0	0	0	0
1	4	15.4%	0	0	0	0
2	18	69.2%	0	0	0	0
3	4	15.4%	0	0	0	0
4	-	0.0%	0	0	0	0
5	-	0.0%	0	0	0	0
TOTAL	26	100.0%	-	-	-	-

PRO FORMA ASSUMPTIONS	
Revenue Growth	2.00%
Expense Growth	3.00%
Basis Adjust	130%
Applicable Fraction	100.00%
APP % Acquisition	4.00%
APP % Construction	9.00%
Average Unit Size	973 sf

60% Average Income		20%	30%	40%	50%	60%	70%	80%	EO / MR	TOTAL
	# Units	-	-	-	-	26	-	-	-	26
	% Total	0.0%	0.0%	0.0%	0.0%	100.0%	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 60%	$925	4	1	1	751	$925	$61	$864	$0	$1.15	$864	**$3,456**	**$3,456**	$864	$1.15	$0	$925	$1.23	$1,200
TC 60%	$1,110	18	2	2	974	$1,110	$80	$1,030	$0	$1.06	$1,030	**$18,540**	**$18,540**	$1,030	$1.06	$0	$1,110	$1.14	$1,300
TC 60%	$1,282	4	3	2	1,193	$1,282	$99	$1,183	$0	$0.99	$1,183	**$4,732**	**$4,732**	$1,183	$0.99	$0	$1,282	$1.07	$1,450
TOTALS/AVERAGES:		**26**			**25,308**				**$0**	**$1.06**	**$1,028**	**$26,728**	**$26,728**	**$1,028**	**$1.06**	**$0**	**$1,108**	**$1.14**	**$1,308**

ANNUAL POTENTIAL GROSS RENT:	$320,736	$320,736	

*MFDL units float among Unit Types

STABILIZED PRO FORMA

Gatesville Crossing, Gatesville, 9% HTC #24224

	STABILIZED FIRST YEAR PRO FORMA																
	COMPARABLES				APPLICANT				PRIOR REPORT		TDHCA				VARIANCE	
	Database		Alpha Barnes Management Co.		% EGI	Per SF	Per Unit	Amount	Applicant	TDHCA	Amount	Per Unit	Per SF	% EGI	%	$
POTENTIAL GROSS RENT						$1.06	$1,028	$320,736	**$373,248**	**$373,248**	$320,736	$1,028	$1.06		0.0%	$0
late fees, app fees, pet fees, retained deposits, interest income							$30.00	$9,360	11,520							
Total Secondary Income							$30.00			11,520	$9,360	$30.00			0.0%	$0
POTENTIAL GROSS INCOME								$330,096	$384,768	$384,768	$330,096				0.0%	$0
Vacancy & Collection Loss							7.5% PGI	(24,757)	(28,858)	(28,858)	(24,757)	7.5% PGI			0.0%	-
EFFECTIVE GROSS INCOME								$305,339	$355,910	$355,910	$305,339				0.0%	$0
General & Administrative	$12,618	$485/Unit	$14,425	$555	3.62%	$0.44	$425	$11,050	$13,600	$15,767	$14,425	$555	$0.57	4.72%	-23.4%	(3,375)
Management	$18,569	8.6% EGI	$12,687	$488	5.00%	$0.60	$587	$15,267	$17,796	$17,796	$15,267	$587	$0.60	5.00%	0.0%	0
Payroll & Payroll Tax	$29,667	$1,141/Unit	$36,871	$1,418	10.69%	$1.29	$1,256	$32,650	$32,800	$32,800	$32,650	$1,256	$1.29	10.69%	0.0%	-
Repairs & Maintenance	$22,307	$858/Unit	$26,033	$1,001	5.53%	$0.67	$650	$16,900	$20,800	$20,800	$16,900	$650	$0.67	5.53%	0.0%	-
Electric/Gas	$8,299	$319/Unit	$4,015	$154	2.13%	$0.26	$250	$6,500	$7,200	$4,792	$4,015	$154	$0.16	1.32%	61.9%	2,485
Water, Sewer, & Trash	$17,360	$668/Unit	$29,495	$1,134	5.11%	$0.62	$600	$15,600	$19,200	$21,366	$17,360	$668	$0.69	5.69%	-10.1%	(1,760)
Property Insurance	$15,186	$0.60 /sf	$21,892	$842	7.34%	$0.89	$862	$22,418	$23,060	$23,060	$22,418	$862	$0.89	7.34%	0.0%	-
Property Tax (@ 100%) 1.8389	$12,498	$481/Unit	$17,820	$685	8.52%	$1.03	$1,000	$26,000	$28,800	$32,683	$27,146	$1,044	$1.07	8.89%	-4.2%	(1,146)
Reserve for Replacements					2.13%	$0.26	$250	$6,500	$8,000	$8,000	$6,500	$250	$0.26	2.13%	0.0%	-
TDHCA Compliance fees ($40/HTC unit)					0.34%	$0.04	$40	$1,040	$1,120	$1,120	$1,040	$40	$0.04	0.34%	0.0%	-
TOTAL EXPENSES					**50.41%**	**$6.08**	**$5,920**	**$153,925**	**$172,376**	**$178,184**	**$157,721**	**$6,066**	**$6.23**	**51.65%**	**-2.4%**	**$ (3,796)**
NET OPERATING INCOME ("NOI")					**49.59%**	**$5.98**	**$5,824**	**$151,414**	**$183,535**	**$177,726**	**$147,617**	**$5,678**	**$5.83**	**48.35%**	**2.6%**	**$ 3,796**
CONTROLLABLE EXPENSES							$3,181/Unit					$3,283/Unit				

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Gatesville Crossing, Gatesville, 9% HTC #24224

DEBT / GRANT SOURCES

		APPLICANT'S PROPOSED DEBT/GRANT STRUCTURE									AS UNDERWRITTEN DEBT/GRANT STRUCTURE						
		Cumulative DCR							Prior Underwriting							Cumulative	
DEBT (Must Pay)	Fee	UW	App	Pmt	Rate	Amort	Term	Principal	Applicant	TDHCA	Principal	Term	Amort	Rate	Pmt	DCR	LTC
Sterling Bank		1.28	1.31	115,717	7.50%	40	16.0	$1,465,355	$2,204,271	$2,204,271	$1,465,355	16.0	40.0	7.50%	$115,717	1.31	15.1%
CASH FLOW DEBT / GRANTS																	
City of Gatesville		1.28	1.31		0.00%	0	0.0	$250	$250	$250	$250	0.0	0.0	0.00%		1.31	0.0%
General Partner Loan "Promissory Note"		1.28	1.31		2.00%	0	30.0	$435,000			$435,000	30.0	0.0	2.00%		1.31	4.5%
				$115,717	TOTAL DEBT / GRANT SOURCES			$1,900,605			$1,900,605	TOTAL DEBT SERVICE			$115,717	1.31	19.5%
NET CASH FLOW		$31,900	$35,697								APPLICANT	NET OPERATING INCOME		$151,414	$35,697	NET CASH FLOW	

EQUITY SOURCES

		APPLICANT'S PROPOSED EQUITY STRUCTURE						AS UNDERWRITTEN EQUITY STRUCTURE					
					Prior Underwriting								
EQUITY / DEFERRED FEES	DESCRIPTION	% Cost	Annual Credit	Credit Price	Amount	Applicant	TDHCA	Amount	Credit Price	Annual Credit	% Cost	Annual Credits per Unit	Allocation Method
Raymond James	LIHTC Equity	77.8%	$1,036,766	$0.73	$7,567,635	$8,707,959	$8,707,959	$7,567,635	$0.73	$1,036,766	77.8%	$39,876	Applicant Request
0		0.0%			$0	$0					0.0%		
0		0.0%			$0	$0					0.0%		
Lone Star Development TX, LLC	Deferred Developer Fees	2.6%	(31% Deferred)		$254,462	$465,113	$465,113	$254,462	(31% Deferred)		2.6%	Total Developer Fee:	$822,500
0		0.0%			$0	$0					0.0%		
Additional (Excess) Funds Req'd		0.0%					$0	$0			0.0%		
TOTAL EQUITY SOURCES		80.5%			$7,822,097	$9,173,072	$9,173,072	$7,822,097			80.5%		
TOTAL CAPITALIZATION					$9,722,702	$11,377,593	$11,377,593	$9,722,702				15-Yr Cash Flow after Deferred Fee:	$447,229

DEVELOPMENT COST / ITEMIZED BASIS

	APPLICANT COST / BASIS ITEMS						TDHCA COST / BASIS ITEMS					COST VARIANCE	
	Eligible Basis				Prior Underwriting					Eligible Basis			
	Acquisition	New Const. Rehab	Total Costs		Applicant	TDHCA	Total Costs			New Const. Rehab	Acquisition	%	$
Land Acquisition			$16,731 / Unit	$435,000	$435,000	$435,000	$435,000	$16,731 / Unit				0.0%	$0
Building Acquisition	$0		$ / Unit	$0	$0	$0	$0	$ / Unit			$0	0.0%	$0
Off-Sites		$0	$5,769 / Unit	$150,000	$150,000	$150,000	$150,000	$5,769 / Unit		$0		0.0%	$0
Site Work		$1,084,686	$43,093 / Unit	$1,120,416	$1,434,715	$1,434,715	$1,120,416	$43,093 / Unit		$1,084,686		0.0%	$0
Site Amenities		$167,000	$6,423 / Unit	$167,000	$143,500	$143,500	$167,000	$6,423 / Unit		$167,000		0.0%	$0
Building Cost		$4,379,126	$173.03 /sf	$168,428/Unit	$4,379,126	$5,059,405	$4,555,431	$4,064,518	$156,328/Unit	$160.60 /sf	$4,064,518		7.7%	$314,608
Contingency		$290,827	5.16%	5.00%	$290,827	$339,381	$339,381	$290,827	5.29%	5.47%	$290,827		0.0%	$0
Contractor Fees		$817,814	13.81%	13.39%	$817,814	$997,780	$927,224	$810,987	14.00%	14.00%	$784,984		0.8%	$6,827
Soft Costs	$0	$516,347		$20,436 / Unit	$531,347	$561,020	$561,020	$531,347	$20,436 / Unit		$516,347	$0	0.0%	$0
Financing	$0	$784,697		$33,610 / Unit	$873,851	$823,307	$823,307	$873,851	$33,610 / Unit		$784,697	$0	0.0%	$0
Developer Fee	$0	$822,500	10.23%	10.00%	$822,500	$1,267,500	$1,267,500	$822,500	10.44%	10.69%	$822,500	$0	0.0%	$0
Reserves				6 Months	$134,821	$165,986	$331,971	$269,642	12 Months				-50.0%	($134,821)
TOTAL HOUSING DEVELOPMENT COST (UNADJUSTED BASIS)	$0	$8,862,997		$373,950 / Unit	$9,722,702	$11,377,593	$10,969,049	$9,536,088	$366,773 / Unit		$8,515,560	$0	2.0%	$186,614
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	$8,862,997		$373,950/unit	$9,722,702	$11,377,593	$10,969,049	$9,536,088	$366,773/unit		$8,515,560	$0	2.0%	$186,614

TOTAL HOUSING DEVELOPMENT COSTS (Applicant's Uses are within 5% of TDHCA Estimate): $9,722,702

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Gatesville Crossing, Gatesville, 9% HTC #24224

CREDIT CALCULATION ON QUALIFIED BASIS

	Applicant		TDHCA	
	Acquisition	Construction Rehabilitation	Acquisition	Construction
ADJUSTED BASIS	$0	$8,862,997	$0	$8,515,560
Deduction of Federal Grants	$0	$0	$0	$0
TOTAL ELIGIBLE BASIS	$0	$8,862,997	$0	$8,515,560
High Cost Area Adjustment		130%		130%
TOTAL ADJUSTED BASIS	$0	$11,521,896	$0	$11,070,228
Applicable Fraction	100.00%	100.00%	100%	100%
TOTAL QUALIFIED BASIS	$0	$11,521,896	$0	$11,070,228
Applicable Percentage	4.00%	9.00%	4.00%	9.00%
ANNUAL CREDIT ON BASIS	$0	$1,036,971	$0	$996,320
CREDITS ON QUALIFIED BASIS	$1,036,971		$996,320	

	ANNUAL CREDIT CALCULATION BASED ON APPLICANT BASIS		FINAL ANNUAL LIHTC ALLOCATION		
			Credit Price $0.7299	Variance to Request	
Method	Annual Credits	Proceeds	Credit Allocation	Credits	Proceeds
Eligible Basis	$1,036,971	$7,569,129	----	----	----
Needed to Fill Gap	$1,071,627	$7,822,097	----	----	----
Applicant Request	$1,036,766	$7,567,635	**$1,036,766**	**$0**	**$0**

BUILDING COST ESTIMATE

CATEGORY	FACTOR	UNITS/SF	PER SF	
Base Cost: Garden/Townhome		25,308 SF	$139.77	3,537,334
Adjustments				
Exterior Wall Finish	3.20%		4.47	$113,195
Elderly	0.00%		0.00	0
9-Ft. Ceilings	3.40%		4.75	120,269
Roof Adjustment(s)			0.00	0
Subfloor			(0.21)	(5,399)
Floor Cover			3.68	93,133
Breezeways	$38.92	3,024	4.65	117,695
Balconies	$38.96	1,931	2.97	75,228
Plumbing Fixtures	$2,130	66	5.55	140,580
Rough-ins	$790	52	1.62	41,080
Built-In Appliances	$3,675	26	3.78	95,550
Exterior Stairs	$3,550	5	0.70	17,750
Heating/Cooling			3.12	78,961
Storage Space	$38.92	0	0.00	0
Carports	$16.05	0	0.00	0
Garages	$30.00	0	0.00	0
Common/Support Area	$151.63	1,557	9.33	236,091
Elevators		0	0.00	0
Other:			0.00	0
Fire Sprinklers	$3.65	29,889	4.31	109,095
SUBTOTAL			**188.50**	**4,770,561**
Current Cost Multiplier	1.00		0.00	0
Local Multiplier	1.00		0.00	0
Reserved				0
TOTAL BUILDING COSTS			**188.50**	**$4,770,561**
Plans, specs, survey, bldg permits	3.30%		(6.22)	($157,429)
Contractor's OH & Profit	11.50%		(21.68)	(548,615)
NET BUILDING COSTS		$156,328/unit	$160.60/sf	$4,064,518

Long-Term Pro Forma

Gatesville Crossing, Gatesville, 9% HTC #24224

	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%	$305,339	$311,446	$317,674	$324,028	$330,509	$364,908	$402,888	$444,821	$491,118	$542,234	$598,670	$660,981
TOTAL EXPENSES	3.00%	$153,925	$158,390	$162,986	$167,717	$172,586	$199,163	$229,877	$265,379	$306,419	$353,868	$408,734	$472,183
NET OPERATING INCOME ("NOI")		**$151,414**	**$153,055**	**$154,688**	**$156,311**	**$157,922**	**$165,745**	**$173,011**	**$179,442**	**$184,699**	**$188,366**	**$189,936**	**$188,798**
EXPENSE/INCOME RATIO		50.4%	50.9%	51.3%	51.8%	52.2%	54.6%	57.1%	59.7%	62.4%	65.3%	68.3%	71.4%
MUST -PAY DEBT SERVICE													
Sterling Bank		$115,717	$115,717	$115,717	$115,717	$115,717	$115,717	$115,717	$115,717	$115,717	$115,717	$115,717	$115,717
TOTAL DEBT SERVICE		$115,717	$115,717	$115,717	$115,717	$115,717	$115,717	$115,717	$115,717	$115,717	$115,717	$115,717	$115,717
DEBT COVERAGE RATIO		1.31	1.32	1.34	1.35	1.36	1.43	1.50	1.55	1.60	1.63	1.64	1.63
ANNUAL CASH FLOW		**$35,697**	**$37,339**	**$38,972**	**$40,594**	**$42,205**	**$50,029**	**$57,294**	**$63,725**	**$68,982**	**$72,649**	**$74,219**	**$73,081**
Deferred Developer Fee Balance		$218,765	$181,426	$142,455	$101,861	$59,655	$0	$0	$0	$0	$0	$0	$0
CUMULATIVE NET CASH FLOW		$0	$0	$0	$0	$0	$175,016	$447,229	$753,390	$1,088,334	$1,444,976	$1,813,884	$2,182,787

Aug 25th, 2025
Sussette Kenney
Asset Management
TDHCA
P.O. BOX 13941
Austin, TX 78711-3941

Re: HTC 24224 Gatesville Crossing Material Amendment Request

Dear Ms. Kenney,

This letter concerns a material amendment request for 24224 Gatesville Crossing to reduce the total number of units from 32 units to 26 units (with associated architectural changes). This request is due to financing challenges that are out of the Applicant's control.

At the time of the 2024 application submittal, many of the disruptions caused by COVID-19 in the housing industry had begun to stabilize. However, since then, the developer has faced significant and compounding financial challenges, including new increases in construction costs, declining equity pricing, and rising interest rates, all of which have created a budget gap.

One of the primary drivers of increased construction costs has been the uncertainty concerning tariffs on key building materials. Cost increases due to tariffs have had widespread impact across the construction industry. In response, the developer sought competitive bids from multiple contractors to mitigate costs, but even the most favorable estimates were still significantly higher than those available at the time of the original application.

The most impactful change has been the dramatic decrease in equity pricing. At application equity pricing was $0.84 per tax credit dollar. Now the most favorable rate the developer could procure for a rural region was $0.73 per tax credit dollar, a 13% decrease or a $1.14 million decrease in funds available for the project.

In conjunction with decreasing equity pricing, interest rates have also risen. At application the interest rates for the construction and permanent phase were 7.25% and 6.75% respectively. While the construction loan interest rate has remained the same, the permanent loan interest rate has increased by ~11% to 7.50%.

The developer explored every available, but the rural location of the development limits the number of solutions to address these changes. There are not soft funds in the area nor is the development eligible for a tax exemption. Without a way to raise additional funds to the development, the only viable solution was to modify the scope of the development.

At application the development had 32 units; 4 one bedrooms, 20 two bedrooms and 8 three bedrooms. To address the cost escalation, the developer is proposing reducing the total number of

units to 26 units. The new unit mix will be comprised of 4 one bedrooms, 18 two bedrooms and 4 three bedrooms.

The development originally was 32,028 NRA SF and 5,206 SF of common area. The square footage of the units will remain the same and with the reduction of units the new NRA SF will be 25,308 SF. The common area also decreased from 5,206 SF to 4,978 SF, a ~4.4% reduction. To minimize costs without reducing the quality of common spaces, only the common area attributed to the breezeways was reduced.

The development originally had 32 units, 4 market and 28 units at 60% AMI. The developer is proposing a decrease of 6 units in total; 4 market rate and 2 LI units, or a 7.14% decrease in the number of LI units.

Concurrent with the decrease in units, the number of parking spots has decreased. At application there were 55 stalls in total: 47 standard, 6 standard ADA and 2 van accessible. The proposed changes would yield 50 stalls in total: 43 standard, 5 standard ADA and 2 van accessible.

Please note that even though these proposed changes result in a point decrease, Gatesville Crossing was the only development in its region. Thus, Gatesville Crossing would have still been awarded if it had submitted at the proposed point level.

Please see the attached architectural plans and application forms regarding the unit reduction. Financial letters are provided by Sterling Bank who has reviewed this project and upon approval of this amendment and a force majeure request will allow the developer to close almost immediately after the October board meeting. Please also see the attached from Raymond Jones that elaborates on the need for this amendment and confirms that this development is infeasible without the reduction in units.

Thank you for your attention and consideration of this amendment request. If this amendment is approved, the developer is prepared to close in October 2025 and begin construction shortly thereafter. The good cause for this amendment is to enable this project to move forward and provide much needed affordable units in Athens. This application is also requesting a Credit Return resulting from Force Majeure Events that has been submitted under separate cover.

Please contact me at 512-689-9409 with any questions.

Sincerely,

Bronte Bejarano

S Anderson Consulting

STERLING BANK

August 25, 2025

Gatesville Crossing, LP
Attn: J. Ryan Hamilton
3556 S. Culpepper Circle, Suite 4
Springfield, MO 65804

RE: Gatesville Crossing
26 LIHTC Units
Gatesville, TX

Dear Mr. Hamilton:

The Gatesville Crossing project was originally proposed with 32 units. Since that time, equity pricing decreased from $0.84 to $0.73, which makes the project completely infeasible. We appreciate Trinity's solution to reduce the unit count from 32 to units to 26, which allows the development to move forward.

Best regards,

Philip M. Minden
Executive Vice President

8182 Maryland Ave Ste 100 Clayton, MO 63105 | phone (314) 571-5610 | fax (314) 571-5614 | www.sterbank.bank

RAYMOND JAMES®

July 20, 2025

Ryan Hamilton
Trinity Housing Development Texas, LLC
3556 S. Culpepper, Suite 7
Springfield, MO

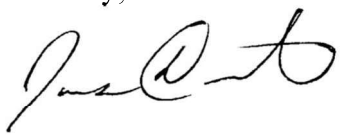
RE: Gatesville Crossing & Athens Trails Unit Count Reduction & Placed In Service Request
TDHCA #24224 & 24215

Dear Mr. Hamilton,

As the proposed syndicator for the abovementioned developments, I need to raise the concerns regarding viability of the underwriting and the Placed In Service date of 12/31/26. After multiple reviews of the underwriting, it has become apparent that the current market conditions do not appear to make these developments viable without an adjustment to the tax credit price. At the time the General Partner submitted these applications, the equity market was noticeably different then where we are today. Based on current market conditions, RJAHI has proposed tax credit pricing of $0.73 to satisfy current investor return requirements. This adjustment in pricing coupled with the headwinds of the higher construction costs in the development budget and insurance costs in the operating budget make the developments only feasible by reducing the unit count.

Additionally, we plan to diligently work toward a closing with the overall development team, but based on current timing, it seems that a closing date of mid to late October is realistic. It is our typical underwriting guideline to have a 90 day buffer to the construction schedule when compared to the completion date. Given the current construction schedule of 16 months and a closing in mid/late October, we would exceed our underwriting guideline as well as the Placed In Service deadline of 12/31/26. Therefore, please consider this request to grant a force majeure change with a Placed In Service deadline of 12/31/27.

Sincerely,



James Dunton
Managing Director of Acquisitions
Raymond James Affordable Housing Investments, Inc.

GATESVILLE CROSSING

GATESVILLE, CORYELL COUNTY, TEXAS

INDEX TO DRAWINGS

AP0	COVER SHEET
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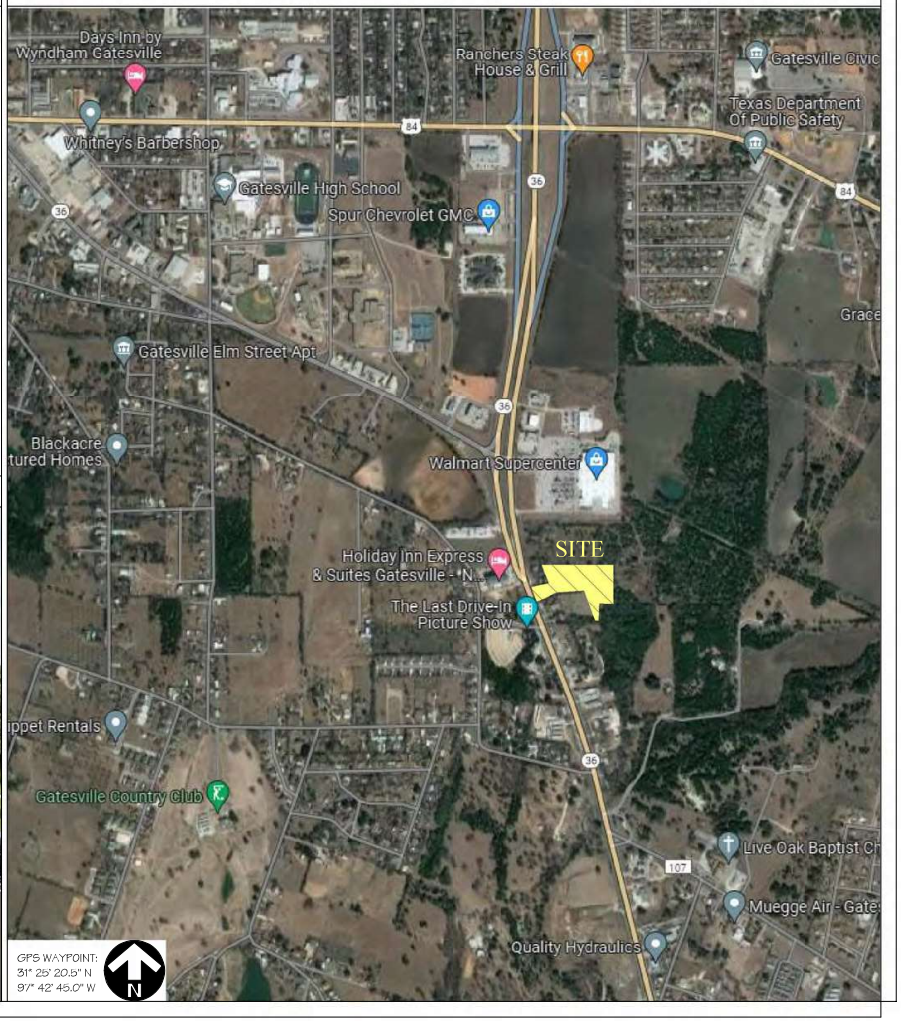
AP2	RESIDENTIAL BUILDING TYPE "A" FLOOR PLANS
AP3	RESIDENTIAL 1-BR UNIT FLOOR PLAN
AP4	RESIDENTIAL 2-BR UNIT FLOOR PLANS
AP5	RESIDENTIAL 3-BR UNIT FLOOR PLANS
AP6	RESIDENTIAL BUILDING TYPE "A" EXTERIOR ELEVATIONS
AP7	RESIDENTIAL BUILDING TYPE "A" EXTERIOR ELEVATIONS
AP8	COMMUNITY BUILDING FLOOR PLAN
AP9	COMMUNITY BUILDING EXTERIOR ELEVATIONS
AP10	SAMPLE RENDERINGS

SAMPLE EXTERIOR RENDERING

PROJECT LOCATION



AUGUST 2025

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GATESVILLE, CORYELL COUNTY, TEXAS

4835

AP0

8/19/2025 9:03:58 AM

TABLE 1: UNITS PER BUILDING TYPE

UNIT LABEL	NRA PER UNIT TYPE	BUILDING / LEVEL IDENTIFICATION "A" FIRST	"A" SECOND	"A" THIRD	TOTAL NUMBER OF UNITS PER UNIT TYPE
		NUMBER OF UNIT(S) PER BUILDING / FLOOR			
TYP. 1-BR	751 SF	-	2	-	2
FHA 1-BR	751 SF	2	-	-	2
TYP. 2-BR	974 SF	-	6	6	12
FHA 2-BR	974 SF	4	-	-	4
FHA HEARING/VISUAL 2-BR	974 SF	1	-	-	1
ADA 2-BR	974 SF	1	-	-	1
TYP. 3-BR	1,193 SF	-	2	-	2
FHA 3-BR	1,193 SF	1	-	-	1
ADA 3-BR	1,193 SF	1	-	-	1
TOTAL NUMBER OF UNITS PER BUILDING / FLOOR:		10	10	6	26

TABLE 2: REQUIRED ACCESSIBLE UNITS

UNIT TYPE	IN COMPLIANCE WITH	BUILDING / LEVEL IDENTIFICATION FIRST	TOTAL
FHA / H/V 2-BR	HEARING/VISUAL	1	1
ADA 2-BR	ADA / MOBILITY	1	1
ADA 3-BR	ADA / MOBILITY	1	1
MOBILITY UNITS REQUIRED (26 X 5% =1.3)			
MOBILITY UNITS PROVIDED = 2			
HEARING/VISUAL UNITS REQUIRED (26 X 2% =0.52)			
HEARING/VISUAL UNITS PROVIDED = 1			

TABLE 3: SQUARE FOOT CALCULATIONS PER BUILDING

NOTE: SQUARE FOOT CALCULATIONS ARE MEASURED FROM OUT TO OUTSIDE FACE OF STUD TO CENTERLINE OF UNIT PARTITION

AREA TYPE	BUILDING / LEVEL IDENTIFICATION "A" FIRST	"A" SECOND	"A" THIRD	COMM. BLDG.	DEV. TOTAL
TOTAL NRA	9,732 SF	9,732 SF	5,844 SF	-	25,308 SF
COMMON AREA - ACCESSIBLE TO TENANT(S)	-	-	-	1,954 SF	1,954 SF
BREEZEWAY(S)	1,566 SF	729 SF	729 SF	-	3,024 SF
UNIT PORCH(ES)/PATIO(S)/BALCONY	590 SF	590 SF	354 SF	-	1,534 SF
UTILITY CLOSETS - RESTRICTED TO EMPLOYEE(S)	69 SF	-	-	148 SF	217 SF
EXTERIOR STORAGE	190 SF	190 SF	114 SF	-	494 SF
TOTAL BUILDING AREA PER BUILDING:	12,147 SF	11,241 SF	7,041 SF	2,102 SF	32,531 SF

TABLE 4: PARKING PROVIDED

NOTE: ALL PARKING PROVIDED IS UNCOVERED

TYPE	QUANTITY
STANDARD SPACE(S)	43
STANDARD ACCESSIBLE SPACE(S)	5
VAN ACCESSIBLE SPACE(S)	2
TOTAL PARKING PROVIDED:	50
LOCAL PARKING REQUIREMENTS:	(1) SPACE FOR EACH DWELLING UNIT PLUS (1) SPACE FOR EVERY (3) BEDROOMS
PARKING PROVIDED MEETS ZONING REQUIREMENT	

SITE INFORMATION

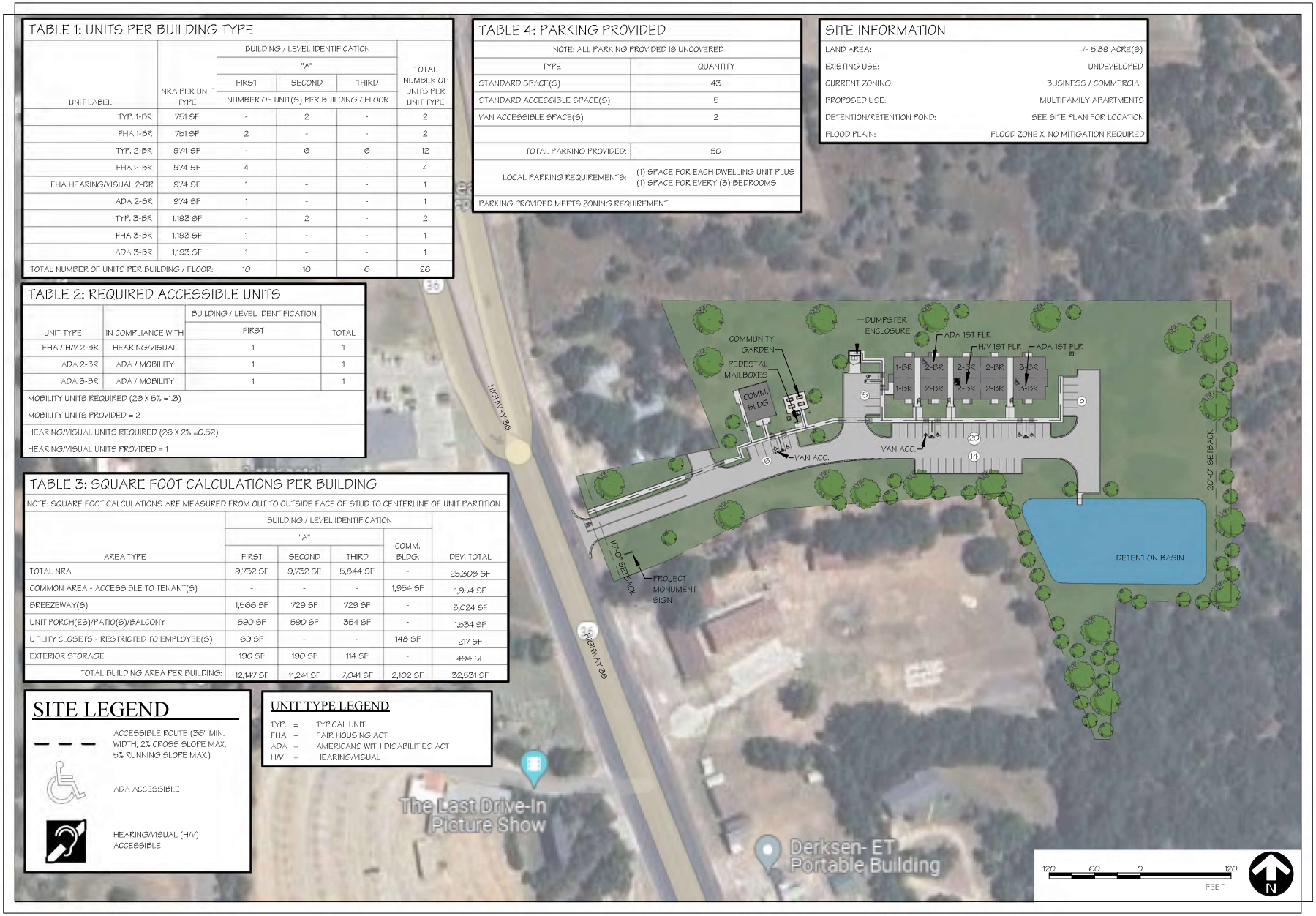
LAND AREA:	+/- 5.89 ACRE(S)
EXISTING USE:	UNDEVELOPED
CURRENT ZONING:	BUSINESS / COMMERCIAL
PROPOSED USE:	MULTIFAMILY APARTMENTS
DETENTION/RETENTION POND:	SEE SITE PLAN FOR LOCATION
FLOOD PLAIN:	FLOOD ZONE X, NO MITIGATION REQUIRED

SITE LEGEND

- ACCESSIBLE ROUTE (36" MIN. WIDTH, 2% CROSS SLOPE MAX, 5% RUNNING SLOPE MAX.)
- ADA ACCESSIBLE
- HEARING/VISUAL (H/V) ACCESSIBLE

UNIT TYPE LEGEND

TYP. = TYPICAL UNIT
FHA = FAIR HOUSING ACT
ADA = AMERICANS WITH DISABILITIES ACT
H/V = HEARING/VISUAL



AUGUST 2025

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GATESVILLE CROSSING

GATESVILLE, CORYELL COUNTY, TEXAS

GATESVILLE CROSSING, LP

4835

AP1

8/21/2025 10:06:42 AM

September 22, 2025

Cody Campbell
Director of Multifamily Finance
P.O. Box 13941
Austin, Texas 78701-3941

Re: HTC 24224 Gatesville Crossing – Force Majeure Extension Request

Dear Mr. Campbell:

I am writing today to submit a force majeure six month extension request for a 9% Housing Tax Credit development, Gatesville Crossing which was awarded in 2024. We are currently experiencing various forms of force majeure events that make progressing our project forward, challenging.

At the time of the 2024 application submittal, many of the disruptions caused by COVID-19 in the housing industry had begun to stabilize. However, since then, the Developer has faced significant and compounding financial challenges, including new increases in construction costs, declining equity pricing, and rising interest rates, all of which have created a substantial budget gap.

One of the primary drivers of increased construction costs has been the uncertainty concerning tariffs on key building materials. Cost increases due to tariffs have had widespread impact across the construction industry. In response, the developer sought competitive bids from multiple contractors to mitigate costs, but even the most favorable estimates were still significantly higher than those available at the time of the original application.

The equity market has changed significantly since the original application. The moment the development was awarded, the developers approached multiple syndicators to find the most competitive equity pricing. Most refused to even bid, citing the new market conditions. After much effort, the developer was able to secure a syndicator LOI with the most favorable equity pricing available at $0.73 per tax credit dollar. At the time of the application, the equity pricing was $0.84. This new equity pricing is a 13.0% or $1.14 million decrease from where the equity market was at the time of application.

In conjunction with decreasing equity pricing, interest rates have also risen. At application the interest rates for the construction and permanent phase were 7.25% and 6.75% respectively.

While the construction loan interest rate has remained the same, the permanent loan interest rate has increased by ~11% to 7.50%.

These converging factors have resulted in unforeseen and unprecedented financial strain since the application was submitted. The developer explored every available, but the rural location of the development limits the number of solutions to address these changes. There are not soft funds in the area nor is the development eligible for a tax exemption. Without a way to raise additional funds to the development, the only viable solution was to modify the scope of the development. The application is currently infeasible as submitted in the original application. In order to preserve tax base for the local municipality and avoid requesting a 100% property tax exemption for the development, a separate amendment has been submitted to lower costs so that the development will be financially feasible.

The delays associated with the unpredictable financial markets, redesigning the development to make it feasible, and working through the amendment process has delayed the closing of the deal to the point that the Force Majeure is now needed to ensure a Placed in Service date that the developer can meet. These delays were not due to the negligent or willful acts or omission of the Development Owner, Affiliate, or Related Party. The were out of our control and while we do what is within our control to mitigate or prepare for these events, we cannot always plan and prepare for everything.

Thank you for your attention and consideration of this amendment request. If this Force Majeure is approved, the developer is prepared to close in November 2025 and begin construction shortly thereafter.

Please contact Sarah Anderson directly if you have any questions regarding this request.

Sincerely,

Sarah Anderson
S. Anderson Consulting
1305 E. 6th St., Ste 12
Austin, TX 78702
512-554-4721

RAYMOND JAMES®

July 20, 2025

Ryan Hamilton
Trinity Housing Development Texas, LLC
3556 S. Culpepper, Suite 7
Springfield, MO

RE: Gatesville Crossing & Athens Trails Unit Count Reduction & Placed In Service Request
TDHCA #24224 & 24215

Dear Mr. Hamilton,

As the proposed syndicator for the abovementioned developments, I need to raise the concerns regarding viability of the underwriting and the Placed In Service date of 12/31/26. After multiple reviews of the underwriting, it has become apparent that the current market conditions do not appear to make these developments viable without an adjustment to the tax credit price. At the time the General Partner submitted these applications, the equity market was noticeably different then where we are today. Based on current market conditions, RJAHI has proposed tax credit pricing of $0.73 to satisfy current investor return requirements. This adjustment in pricing coupled with the headwinds of the higher construction costs in the development budget and insurance costs in the operating budget make the developments only feasible by reducing the unit count.

Additionally, we plan to diligently work toward a closing with the overall development team, but based on current timing, it seems that a closing date of mid to late October is realistic. It is our typical underwriting guideline to have a 90 day buffer to the construction schedule when compared to the completion date. Given the current construction schedule of 16 months and a closing in mid/late October, we would exceed our underwriting guideline as well as the Placed In Service deadline of 12/31/26. Therefore, please consider this request to grant a force majeure change with a Placed In Service deadline of 12/31/27.

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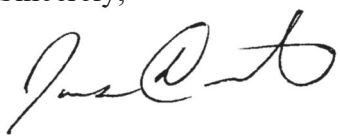
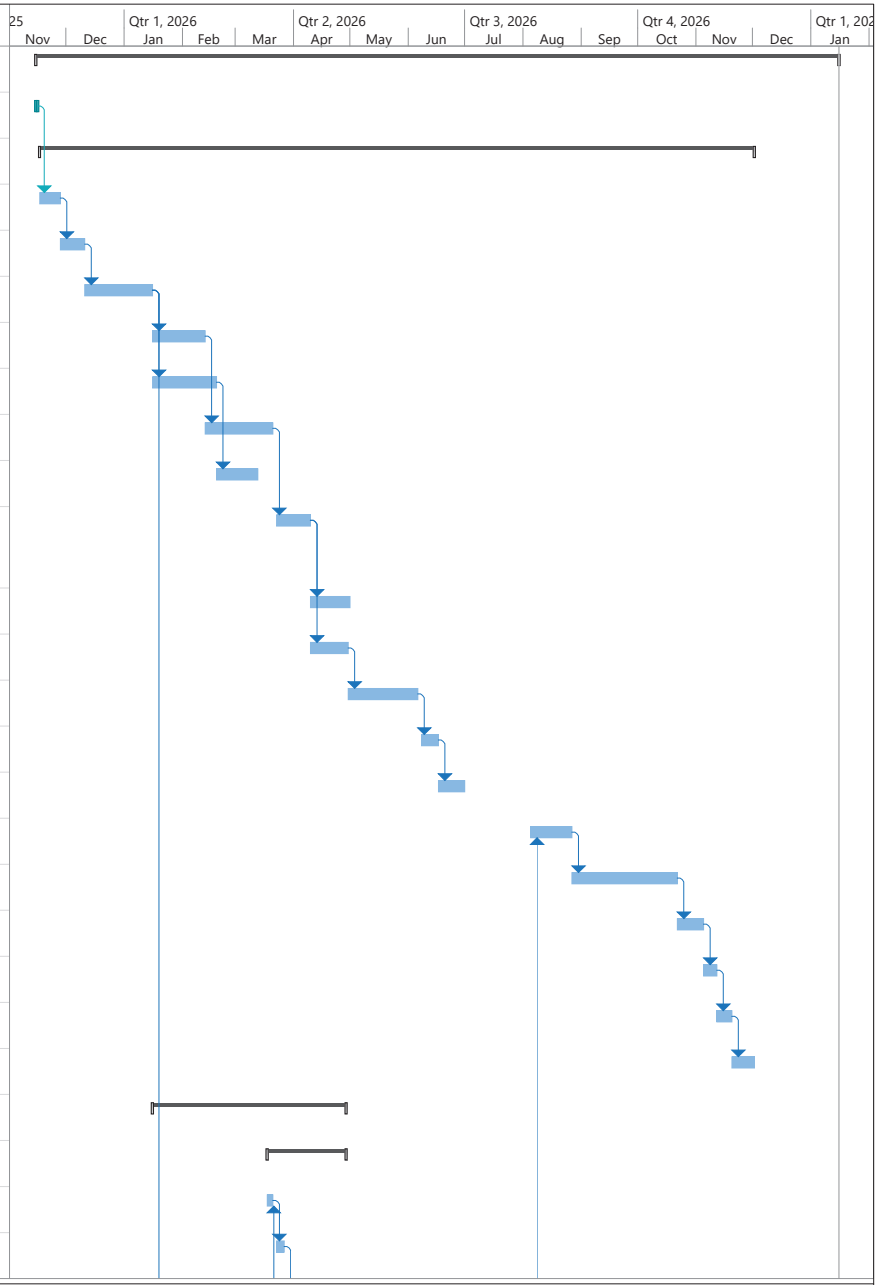


James Dunton
Managing Director of Acquisitions
Raymond James Affordable Housing Investments, Inc.

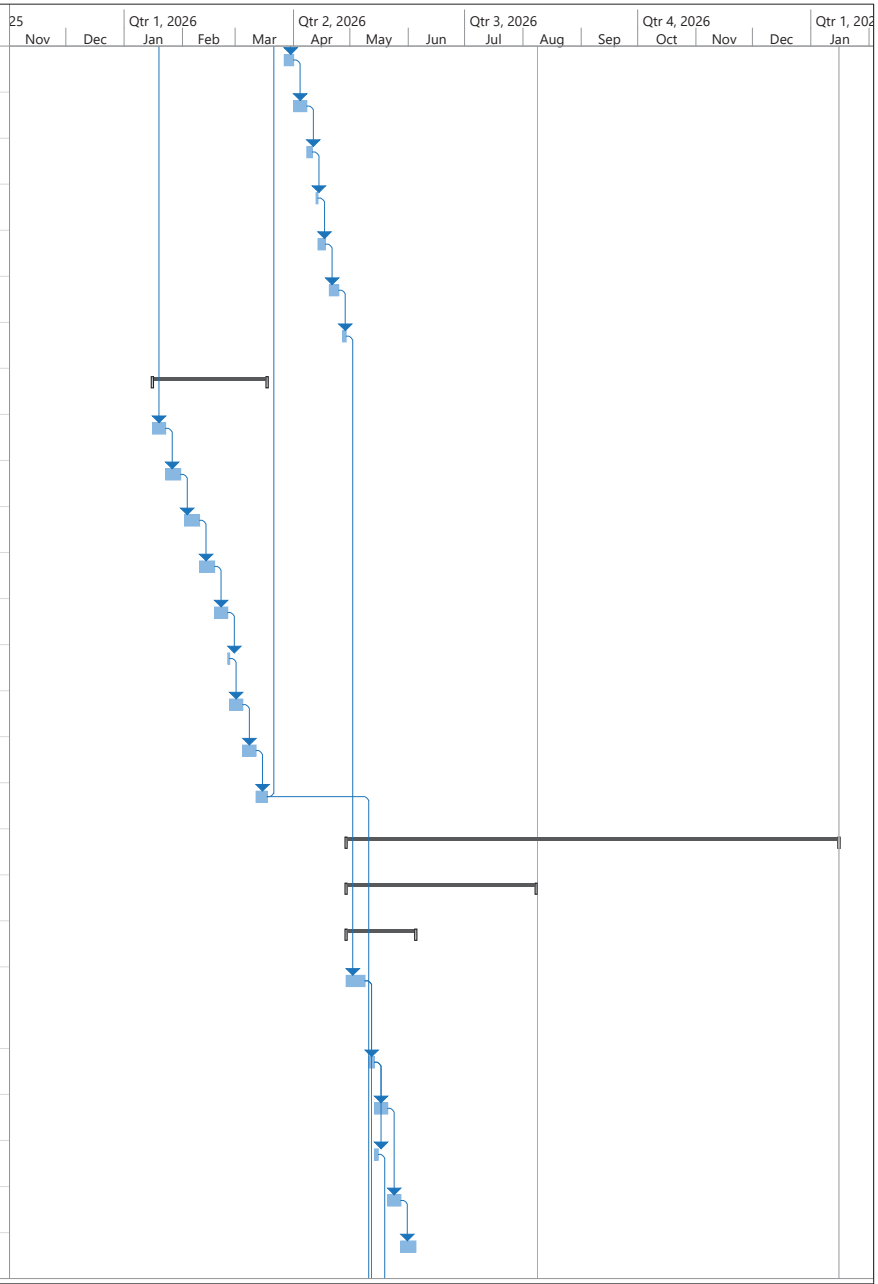
ID	Task Mode	Task Name	Duration	Start	Finish	Predecessors	Resource Names
1		**Gatesville Crossing**	**305 days**	**Sat 11/15/25**	**Fri 1/15/27**		
2		Notice to Proceed	1 day	Sat 11/15/25	Sat 11/15/25		
3		**Site Work**	**272 days**	**Mon 11/17/25**	**Tue 12/1/26**		
4		Install Perimeter SWPPP	9 days	Mon 11/17/25	Thu 11/27/25	2	
5		Construct Det/Sed Basin	9 days	Fri 11/28/25	Wed 12/10/25	4	
6		Rough Grade Site/Build Pads	26 days	Thu 12/11/25	Thu 1/15/26	5	
7		Sanitary Sewer Install	20 days	Fri 1/16/26	Thu 2/12/26	6	
8		Storm Install	24 days	Fri 1/16/26	Wed 2/18/26	6	
9		Water Install	26 days	Fri 2/13/26	Fri 3/20/26	7	
10		Electric Install	16 days	Thu 2/19/26	Thu 3/12/26	8	
11		Fire Alarm Conduit - Telecom Conduit	14 days	Mon 3/23/26	Thu 4/9/26	9	
12		Offsite Sewer	15 days	Fri 4/10/26	Thu 4/30/26	11	
13		Stabilize Pavement Subgrades	14 days	Fri 4/10/26	Wed 4/29/26	11	
14		Curb and Gutter	27 days	Thu 4/30/26	Fri 6/5/26	13	
15		Dumpster Pads/Monument Sign	7 days	Mon 6/8/26	Tue 6/16/26	14	
16		Aggregate Base	10 days	Wed 6/17/26	Tue 6/30/26	15	
17		Sidewalks/Mech Pads	16 days	Wed 8/5/26	Wed 8/26/26	83	
18		Landscaping and Irrigation	40 days	Thu 8/27/26	Wed 10/21/26	17	
19		Asphalt Surface Course	10 days	Thu 10/22/26	Wed 11/4/26	18	
20		Concrete Approach	5 days	Thu 11/5/26	Wed 11/11/26	19	
21		Signage and Striping	6 days	Thu 11/12/26	Thu 11/19/26	20	
22		Joint Sealing	8 days	Fri 11/20/26	Tue 12/1/26	21	
23		**Foundations**	**73 days**	**Fri 1/16/26**	**Tue 4/28/26**		
24		**Bldg Pad Common**	**30 days**	**Wed 3/18/26**	**Tue 4/28/26**		
25		Survey/String Line	3 days	Wed 3/18/26	Fri 3/20/26	43	
26		Dig Ext Ftr	4 days	Mon 3/23/26	Thu 3/26/26	25	



Project: Gatesville Crossing Sch
Date: Sat 11/15/25

Task	Project Summary	Manual Task	Start-only	Deadline
Split	Inactive Task	Duration-only	Finish-only	Progress
Milestone	Inactive Milestone	Manual Summary Rollup	External Tasks	Manual Progress
Summary	Inactive Summary	Manual Summary	External Milestone	

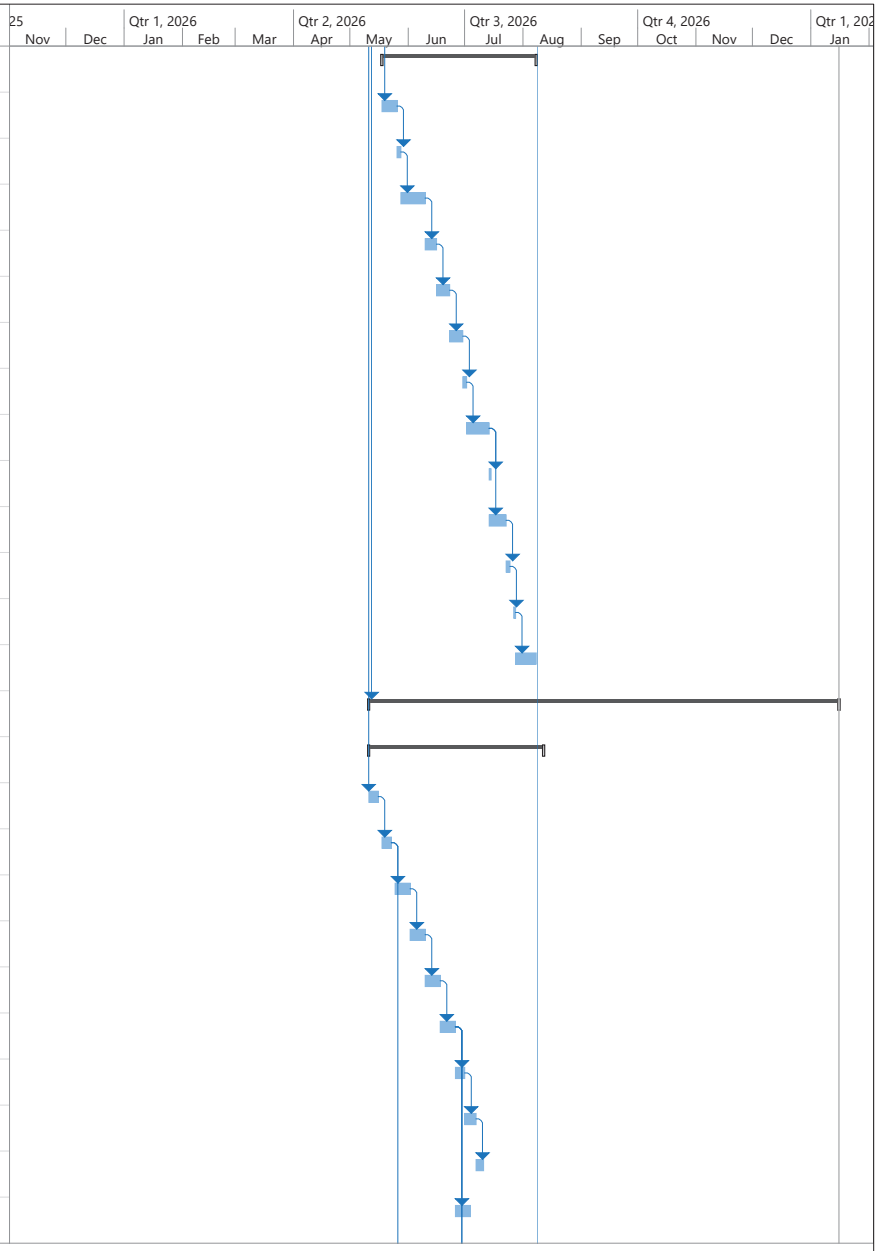
ID	Task Mode	Task Name	Duration	Start	Finish	Predecessors	Resource Names
27		Pour Ext Ftr	3 days	Fri 3/27/26	Tue 3/31/26	26	
28		Underslab Plumbing	5 days	Wed 4/1/26	Tue 4/7/26	27	
29		Dig Int Ftr	3 days	Wed 4/8/26	Fri 4/10/26	28	
30		Pest Spray	1 day	Mon 4/13/26	Mon 4/13/26	29	
31		Agg Base/VB/Steel/Pre Pour	4 days	Tue 4/14/26	Fri 4/17/26	30	
32		Pour Slab	5 days	Mon 4/20/26	Fri 4/24/26	31	
33		Prep Patios Pour	2 days	Mon 4/27/26	Tue 4/28/26	32	
34		**Bldg Pad 1**	**43 days**	**Fri 1/16/26**	**Tue 3/17/26**		
35		Survey/String Line	5 days	Fri 1/16/26	Thu 1/22/26	6	
36		Dig Ext Ftr and Int Stem Wall	6 days	Fri 1/23/26	Fri 1/30/26	35	
37		Pour Ext Ftr and Stem Wall	6 days	Mon 2/2/26	Mon 2/9/26	36	
38		Underslab Plumbing	6 days	Tue 2/10/26	Tue 2/17/26	37	
39		Dig Int Ftr	5 days	Wed 2/18/26	Tue 2/24/26	38	
40		Pest Spray	1 day	Wed 2/25/26	Wed 2/25/26	39	
41		Agg Base/VB/Steel/Pre Pour	5 days	Thu 2/26/26	Wed 3/4/26	40	
42		Pour Slab	5 days	Thu 3/5/26	Wed 3/11/26	41	
43		Prep Brzwys/Patios Pour	4 days	Thu 3/12/26	Tue 3/17/26	42	
44		**Vertical Construction**	**188 days**	**Wed 4/29/26**	**Fri 1/15/27**		
45		**Common Bldg**	**73 days**	**Wed 4/29/26**	**Fri 8/7/26**		
46		**Exterior**	**27 days**	**Wed 4/29/26**	**Thu 6/4/26**		
47		Framing/Trusses/Windows Doors/Tyvek	8 days	Wed 4/29/26	Fri 5/8/26	33	
48		MEP Protrusions	3 days	Mon 5/11/26	Wed 5/13/26	47	
49		Siding/Soffit/Fascia	5 days	Thu 5/14/26	Wed 5/20/26	48	
50		Roofing	2 days	Thu 5/14/26	Fri 5/15/26	48	
51		Masonry	5 days	Thu 5/21/26	Wed 5/27/26	49	
52		Paint	6 days	Thu 5/28/26	Thu 6/4/26	51	



Project: Gatesville Crossing Sch
Date: Sat 11/15/25

Task
Split
Milestone
Summary
Project Summary
Inactive Task
Inactive Milestone
Inactive Summary
Manual Task
Duration-only
Manual Summary Rollup
Manual Summary
Start-only
Finish-only
External Tasks
External Milestone
Deadline
Progress
Manual Progress

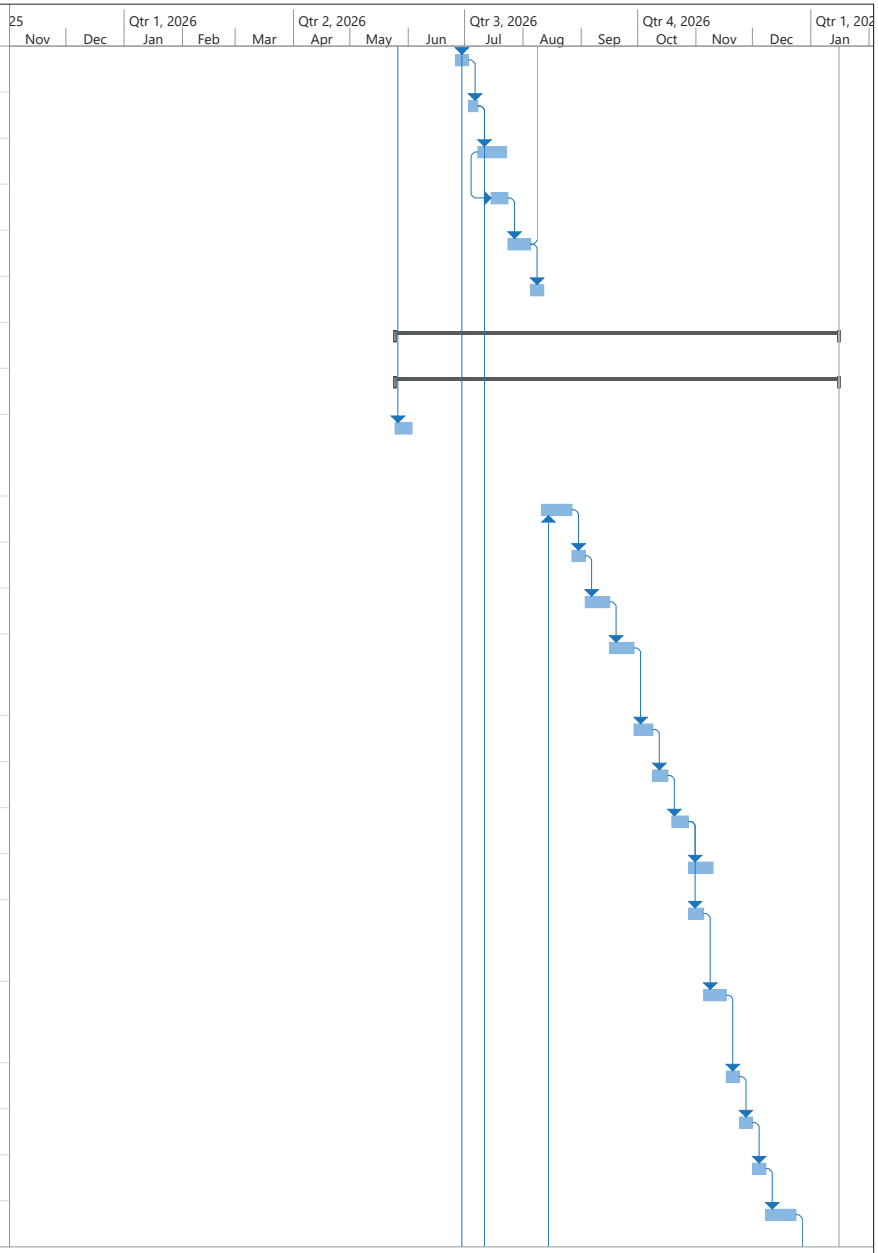
ID	Task Mode	Task Name	Duration	Start	Finish	Predecessors	Resource Names
53		**Interior**	**60 days**	**Mon 5/18/26**	**Fri 8/7/26**		
54		MEP Top Out	6 days	Mon 5/18/26	Mon 5/25/26	50	
55		Insulation	2 days	Tue 5/26/26	Wed 5/27/26	54	
56		Sheetrock/TBT	9 days	Thu 5/28/26	Tue 6/9/26	55	
57		Int Doors/Trim	4 days	Wed 6/10/26	Mon 6/15/26	56	
58		Paint	5 days	Tue 6/16/26	Mon 6/22/26	57	
59		Flooring	5 days	Tue 6/23/26	Mon 6/29/26	58	
60		Cabinets	2 days	Tue 6/30/26	Wed 7/1/26	59	
61		MEP Trim	8 days	Thu 7/2/26	Mon 7/13/26	60	
62		Install Appliances	1 day	Tue 7/14/26	Tue 7/14/26	61	
63		Accessories	7 days	Tue 7/14/26	Wed 7/22/26	61	
64		Clean	2 days	Thu 7/23/26	Fri 7/24/26	63	
65		Inspect/Punch	1 day	Mon 7/27/26	Mon 7/27/26	64	
66		Complete Punch	9 days	Tue 7/28/26	Fri 8/7/26	65	
67		**Bldg 1**	**180 days**	**Mon 5/11/26**	**Fri 1/15/27**	**47**	
68		**Exterior**	**67 days**	**Mon 5/11/26**	**Tue 8/11/26**		
69		Frame 1st Flr	5 days	Mon 5/11/26	Fri 5/15/26	43	
70		Set 2nd Flr Trusses and Dec	5 days	Mon 5/18/26	Fri 5/22/26	69	
71		Frame Second Flr	6 days	Mon 5/25/26	Mon 6/1/26	70	
72		Set 3rd Flr Trusses and Dec	6 days	Tue 6/2/26	Tue 6/9/26	71	
73		Frame 3rd Flr	6 days	Wed 6/10/26	Wed 6/17/26	72	
74		Set Roof Trusses, Fascia & I	6 days	Thu 6/18/26	Thu 6/25/26	73	
75		1st Flr Tyvek, Windows, Do	3 days	Fri 6/26/26	Tue 6/30/26	74	
76		2nd Flr Tyvek, Windows, D	4 days	Wed 7/1/26	Mon 7/6/26	75	
77		3rd Flr Tyvek, Windows, Dc	4 days	Tue 7/7/26	Fri 7/10/26	76	
78		Stairs	6 days	Fri 6/26/26	Fri 7/3/26	74	



Project: Gatesville Crossing Sch
Date: Sat 11/15/25

Task	Project Summary	Manual Task	Start-only	Deadline
Split	Inactive Task	Duration-only	Finish-only	Progress
Milestone	Inactive Milestone	Manual Summary Rollup	External Tasks	Manual Progress
Summary	Inactive Summary	Manual Summary	External Milestone	

ID	Task Mode	Task Name	Duration	Start	Finish	Predecessors	Resource Names
79		MEP Roof Penetrations	5 days	Fri 6/26/26	Thu 7/2/26	74	
80		Shingle Roof	3 days	Fri 7/3/26	Tue 7/7/26	79	
81		Hardi Siding/Soffit/Fascia	11 days	Wed 7/8/26	Wed 7/22/26	80	
82		Stone	7 days	Wed 7/15/26	Thu 7/23/26	81SS+5 days	
83		Paint	8 days	Fri 7/24/26	Tue 8/4/26	82	
84		Gutter & Downspouts	5 days	Wed 8/5/26	Tue 8/11/26	83	
85		**Interior**	**170 days**	**Mon 5/25/26**	**Fri 1/15/27**		
86		**First Floor**	**170 days**	**Mon 5/25/26**	**Fri 1/15/27**		
87		MEP Rough In Non Water Sensitive	7 days	Mon 5/25/26	Tue 6/2/26	70	
88		MEP Rough Water Sensi	12 days	Tue 8/11/26	Wed 8/26/26	108	
89		Insulate	5 days	Thu 8/27/26	Wed 9/2/26	88	
90		Drywall/TBT	9 days	Thu 9/3/26	Tue 9/15/26	89	
91		Set Doors/Closet Cleats/Window Sills	9 days	Wed 9/16/26	Mon 9/28/26	90	
92		Prime/Paint 2 Coats	8 days	Tue 9/29/26	Thu 10/8/26	91	
93		Flooring	6 days	Fri 10/9/26	Fri 10/16/26	92	
94		Millwork	7 days	Mon 10/19/26	Tue 10/27/26	93	
95		MEP Trim/Appliances	9 days	Wed 10/28/26	Mon 11/9/26	94	
96		Final Trim/Hardware/Accesso	6 days	Wed 10/28/26	Wed 11/4/26	94	
97		Patches, and touchup Texture	8 days	Thu 11/5/26	Mon 11/16/26	96	
98		Carpet	5 days	Tue 11/17/26	Mon 11/23/26	97	
99		Paint Touchup	5 days	Tue 11/24/26	Mon 11/30/26	98	
100		Rough Clean	5 days	Tue 12/1/26	Mon 12/7/26	99	
101		GC Unit CO Punch	12 days	Tue 12/8/26	Wed 12/23/26	100	



Project: Gatesville Crossing Sch
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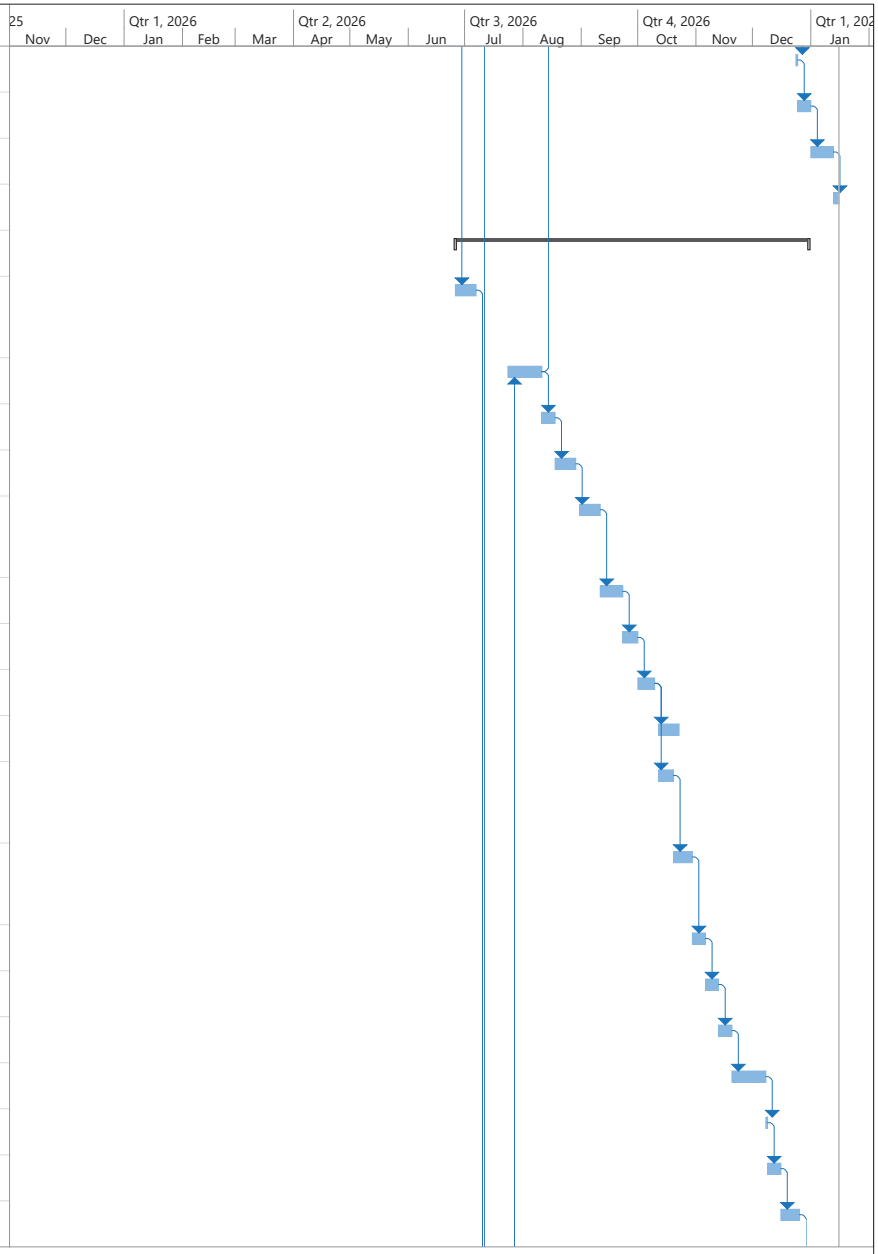
Summary	Inactive Summary	Manual Summary	External Milestone	

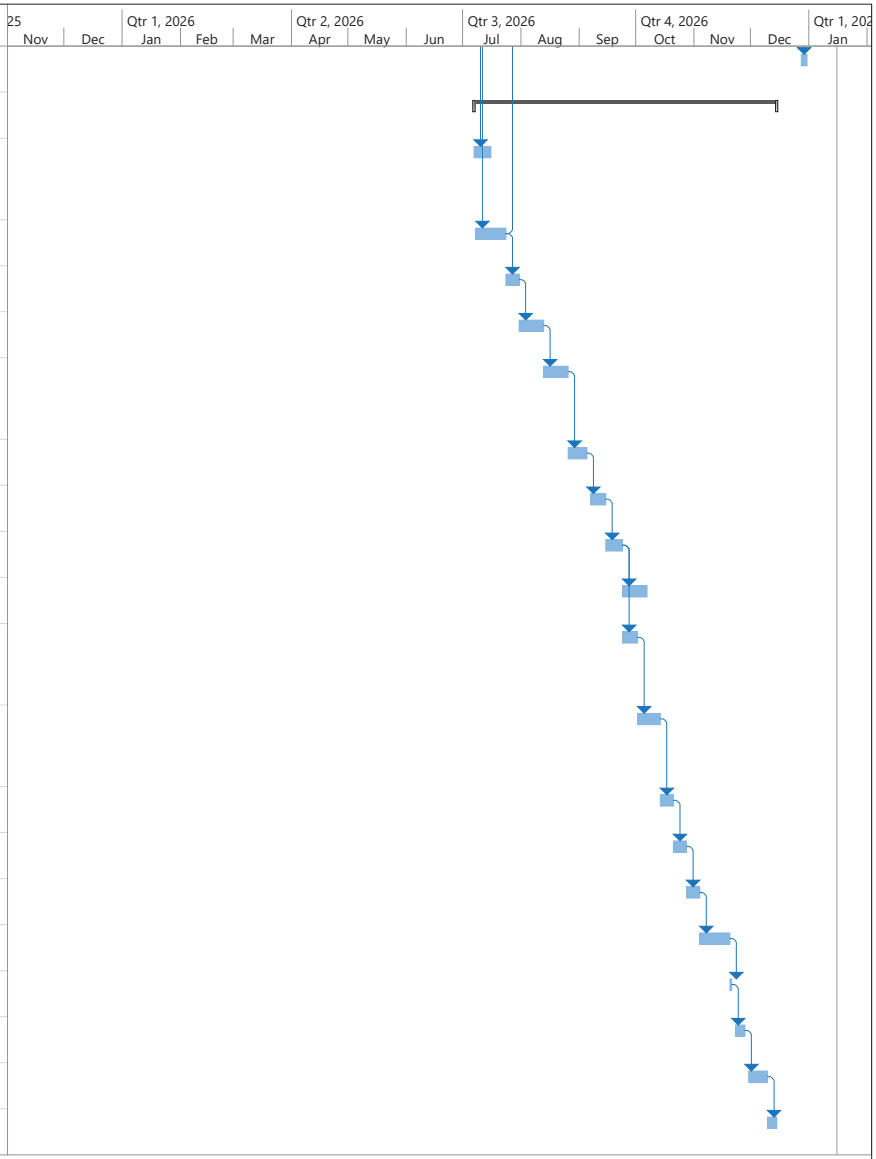
ID	Task Mode	Task Name	Duration	Start	Finish	Predecessors	Resource Names
102		Final Unit COs	1 day	Thu 12/24/26	Thu 12/24/26	101	
103		Final Clean	5 days	Fri 12/25/26	Thu 12/31/26	102	
104		Final Owner Punch	8 days	Fri 1/1/27	Tue 1/12/27	103	
105		Powder Puff	3 days	Wed 1/13/27	Fri 1/15/27	104	
106		**Second Floor**	**134 days**	**Fri 6/26/26**	**Wed 12/30/26**		
107		MEP Rough In Non Water Sensitive	7 days	Fri 6/26/26	Mon 7/6/26	74	
108		MEP Rough Water Sensi	12 days	Fri 7/24/26	Mon 8/10/26	128	
109		Insulate	5 days	Tue 8/11/26	Mon 8/17/26	108	
110		Drywall/TBT	9 days	Tue 8/18/26	Fri 8/28/26	109	
111		Set Doors/Closet Cleats/Window Sills	9 days	Mon 8/31/26	Thu 9/10/26	110	
112		Prime/Paint 2 Coats	8 days	Fri 9/11/26	Tue 9/22/26	111	
113		Flooring	6 days	Wed 9/23/26	Wed 9/30/26	112	
114		Millwork	7 days	Thu 10/1/26	Fri 10/9/26	113	
115		MEP Trim/Appliances	9 days	Mon 10/12/26	Thu 10/22/26	114	
116		Final Trim/Hardware/Accesso	6 days	Mon 10/12/26	Mon 10/19/26	114	
117		Patches, Textrure and Paint Touchup	8 days	Tue 10/20/26	Thu 10/29/26	116	
118		Carpet	5 days	Fri 10/30/26	Thu 11/5/26	117	
119		Paint Touchup	5 days	Fri 11/6/26	Thu 11/12/26	118	
120		Rough Clean	5 days	Fri 11/13/26	Thu 11/19/26	119	
121		GC Unit CO Punch	12 days	Fri 11/20/26	Mon 12/7/26	120	
122		Final Unit COs	1 day	Tue 12/8/26	Tue 12/8/26	121	
123		Final Clean	5 days	Wed 12/9/26	Tue 12/15/26	122	
124		Final Owner Punch	8 days	Wed 12/16/26	Fri 12/25/26	123	



Project: Gatesville Crossing Sch
Date: Sat 11/15/25

Task	Project Summary	Manual Task	Start-only	Deadline
Split	Inactive Task	Duration-only	Finish-only	Progress
Milestone	Inactive Milestone	Manual Summary Rollup	External Tasks	Manual Progress
Summary	Inactive Summary	Manual Summary	External Milestone	

ID	Task Mode	Task Name	Duration	Start	Finish	Predecessors	Resource Names
125		Powder Puff	3 days	Mon 12/28/26	Wed 12/30/26	124	
126		**Third Floor**	**115 days**	**Tue 7/7/26**	**Mon 12/14/26**		
127		MEP Rough In Non Water Sensitive	7 days	Tue 7/7/26	Wed 7/15/26	107	
128		MEP Rough Water Sensi	12 days	Wed 7/8/26	Thu 7/23/26	80	
129		Insulate	5 days	Fri 7/24/26	Thu 7/30/26	128	
130		Drywall/TBT	9 days	Fri 7/31/26	Wed 8/12/26	129	
131		Set Doors/Closet Cleats/Window Sills	9 days	Thu 8/13/26	Tue 8/25/26	130	
132		Prime/Paint 2 Coats	8 days	Wed 8/26/26	Fri 9/4/26	131	
133		Flooring	6 days	Mon 9/7/26	Mon 9/14/26	132	
134		Millwork	7 days	Tue 9/15/26	Wed 9/23/26	133	
135		MEP Trim/Appliances	9 days	Thu 9/24/26	Tue 10/6/26	134	
136		Final Trim/Hardware/Accesso	6 days	Thu 9/24/26	Thu 10/1/26	134	
137		Patches, Textrure and Paint Touchup	8 days	Fri 10/2/26	Tue 10/13/26	136	
138		Carpet	5 days	Wed 10/14/26	Tue 10/20/26	137	
139		Paint Touchup	5 days	Wed 10/21/26	Tue 10/27/26	138	
140		Rough Clean	5 days	Wed 10/28/26	Tue 11/3/26	139	
141		GC Unit CO Punch	12 days	Wed 11/4/26	Thu 11/19/26	140	
142		Final Unit COs	1 day	Fri 11/20/26	Fri 11/20/26	141	
143		Final Clean	5 days	Mon 11/23/26	Fri 11/27/26	142	
144		Final Owner Punch	8 days	Mon 11/30/26	Wed 12/9/26	143	
145		Powder Puff	3 days	Thu 12/10/26	Mon 12/14/26	144	



Project: Gatesville Crossing Sch
Date: Sat 11/15/25

Task	Project Summary	Manual Task	Start-only	Deadline
Split	Inactive Task	Duration-only	Finish-only	Progress
Milestone	Inactive Milestone	Manual Summary Rollup	External Tasks	Manual Progress
Summary	Inactive Summary	Manual Summary	External Milestone	

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1171 **Agenda Date:** 10/9/2025 **Agenda #:** 21.

Presentation, discussion, and possible action on recommendation to adopt an Agreed Final Order assessing an administrative penalty relating to Jubilee at Texas Parkway (HTC 17317 / CMTS 5333)

RECOMMENDED ACTION

WHEREAS, Jubilee at Texas Parkway (HTC 17317 / CMTS 5333) (Jubilee) had uncorrected compliance findings relating to the applicable land use restriction agreement and the associated statutory and rule requirements;

WHEREAS, Jubilee is owned by Jubilee at Texas Parkway, LP, which is controlled by Mark E. Gardner of Gardner Capital;

WHEREAS, TDHCA identified findings of noncompliance at Jubilee as part of a 2025 complaint, and referred the Owner for an administrative penalty when findings of noncompliance were not timely corrected;

WHEREAS, all referred noncompliance has now been resolved;

WHEREAS, owner representatives participated in an informal conference with the Enforcement Committee on August 21, 2025;

WHEREAS, the owner has agreed, subject to Board approval, to enter into an Agreed Final Order for Jubilee, assessing an administrative penalty of $1,250.00; and

WHEREAS, staff has based its recommendations for an Agreed Final Order for Jubilee 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 an Agreed Final Order assessing an administrative penalty of $1,250.00 for noncompliance at Jubilee, substantially in the form presented at this meeting, and authorizing any non-substantive technical corrections, is hereby adopted as the order of this Board.

BACKGROUND

PROPERTY INFORMATION: 2017 9% HTC award for new construction of a Qualified Elderly Project. 82 units in Missouri City, Fort Bend County, with 8 units restricted at 30% AMI, 32 units

restricted at 50% AMI, and 39 units restricted at 60% AMI. Although there are five BINs for tax credit purposes, the property is designed as a four-story U-shaped building, with two elevators. The HTC LURA was effective in 2020. The 15-year federal HTC Compliance Period will run through December 31, 2035, and the state HTC Extended Use Period runs 40 years, terminating on December 31, 2055.

RESPONSIBLE PARTIES IN CONTROL: Jubilee at Texas Parkway MM, LLC, controlled by Mark E. Gardner, is the sole member for Jubilee at Texas Parkway GP, LLC, the general partner of Jubilee at Texas Parkway, LP, the owner of Jubilee. It is the original owner. Mark E. Gardner is also the guarantor, and is the principal and chairman of the Board for Gardner Capital, a private equity firm specializing in affordable housing, and operating in twenty states.

REFERRED VIOLATIONS SUBJECT TO ADMINISTRATIVE PENALTIES:

1. **Complaint - National Standards for the Physical Inspection of Real Estate (NSPIRE):** The Department received a legislative complaint regarding two nonfunctional elevators. Elevator 1 had reportedly been nonfunctional since Hurricane Beryl on July 8, 2024, and Elevator 2 broke on May 5, 2025. As noted above, this is a four-story building restricted to elderly residents. Broken elevators are a violation of NSPIRE, and having no functional elevator is also an accessibility violation because it is part of an accessible route. The Department issued a notice of noncompliance on June 25, 2025, setting a corrective action deadline of July 2, 2025. Elevator 1 was repaired on July 2, 2025, and Elevator 2 was repaired on July 24, 2025.

FACTORS CONSIDERED TO DETERMINE ADMINISTRATIVE PENALTY: 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, and whether a hazard is posed to the health, safety, or economic welfare of the public:** Elevator 1 was down for 359 days, and Elevator 2 was down for 80 days. There was 58-day period between May 5, 2025 and July 2, 2025, where there was no functional elevator for the building. Having no functional elevator is extremely serious, with multiple reports of elderly and/or disabled residents who were unable to get downstairs without assistance.

2. **History of previous violations:** There is no history for this property. Six properties in the TDHCA portfolio are controlled by Mark Gardner, two of which have been referred for final construction inspection noncompliance during the past three years, but were resolved informally. No additional actively monitored properties controlled by Mr. Gardner have been referred during the past three years.

3. **Efforts made to correct the violations:** It appears that there may have been a disconnect between ownership and property management. In initial correspondence with TDHCA staff regarding the complaint in June 2025, the property management company, Asset Living, stated that it was initially unable to proceed with elevator repairs due to lack

of available funds, but that it was now working with an equity partner to release operational escrow reserve funds in order to repair both elevators. Gardner Capital representatives later stated during the informal conference that it was unaware Elevator 1 had gone down in 2024, and that it first learned of the elevator problems on May 10, 2025, when it was presented with a repair estimate for approval. If this is accurate, it appears that there was little effort to repair Elevator 1 until the problem escalated in urgency when the second elevator broke. This is a risky strategy in an elevator-serviced building, particularly when occupancy is restricted to the elderly population. The result was a 58-day period with no operable elevator, leading to tenant complaints, legislative complaints, and media inquiries.

Elevator 1 was repaired and fully operational as of July 2, 2025, when Centerpoint determined that the problem with Elevator 1 was a loose external wire at the transformer serving the building, which was causing voltage drops and fluctuations. This makes sense due to Hurricane Beryl. Elevator 1 was then restored to service that evening after the wire was secured by Centerpoint, and a series of checks were completed by the elevator repair company.

Elevator 2 was repaired and fully operational as of July 24, 2025. The repair timeline for Elevator 2 shows a timelier response, and indicates that the drive replacement order was quickly approved by Gardner Capital on May 13, 2025, after two electrical inspections and three elevator repair company inspections conducted between May 5, 2025 and May 10, 2025. A series of complications and delays ensued, with missing and defective shipped parts, and Elevator 2 was ultimately repaired on July 24, 2025.

4. **Any other matters that justice may require:** While investigating the elevator compliant, the Department learned that Jubilee was not current with its elevator certification requirements for the Texas Department of Licensing and Regulation (TDLR). The certification problems have since been addressed with TDLR. It is our understanding that TDLR and Missouri City are also pursuing separate enforcement cases relating to the broken elevators.

   Compliance confirms that broken elevators are becoming a more frequent problem as buildings with elevators age, and parts become difficult to find, but this is a new building, with construction completed on October 13, 2021. With that said, elevator repairs are highly specialized, and can be complicated and time consuming, as experienced for Elevator 2.

   Per Gardner Capital, the property suffered hurricane damage from Hurricane Beryl on July 8, 2024, including water damage to units. Repairs were prioritized for tenant units. Elevator 1 was reportedly damaged during this storm, but Gardener states it was not aware of that until May 2025. Despite the elevator problems, the property is in good condition, scoring 99.31 out of 100 during its 2025 NSPIRE inspection.

   Property management did attempt to help residents during the period when both elevators were down. On May 8, 2025, property management started serving daily breakfast and sack

lunches to residents on floors two through four. It provided daily resident updates. Upon request, it delivered groceries and prescriptions directly to the residents. It held a public town hall meeting to address tenant concerns in July, and another is scheduled for October.

Finally, Gardner Capital has implemented multiple changes for its portfolio to prevent the reporting disconnect between property management and ownership that caused the extended outage for Elevator 1. It has hired a building engineer, and implemented an incident reporting system going directly to Gardner Capital for urgent matters and incidents requiring immediate owner action. There is a rapid response team for more effective resolution, and Gardner Capital indicates that ongoing management meetings are focusing on quarterly inspections, daily meetings regarding critical systems, and training for all appropriate staff. Vitally, Gardner Capital also signed an elevator maintenance contract on July 30, 2025, for all of its Missouri City properties.

5. **Amount necessary to deter future violations:** In light of the above factors, the Committee recommends an Agreed Final Order assessing administrative penalties of $1,250.00, currently the maximum potential administrative penalty. There is no recommended forgivable or probated portion to the administrative penalty.

TDHCA is also implementing changes relating to elevators:

1. **Memorandum of Understanding with TDLR:** The Department is working with TDLR to develop a Memorandum of Understanding to improve elevator compliance and timely repairs at multifamily developments in the TDHCA portfolio. Performing timely elevator inspections and certifications as required by TDLR can help to avoid elevator outages since periodic maintenance is key to keeping an elevator online long-term. Among other things, TDLR will alert TDHCA of affordable housing developments with elevator problems that may require action by TDHCA, and TDHCA will alert TDLR when it identifies elevators with noncompliant certifications and/or licenses.

2. **Rule updates:** The Department is proposing multiple rule updates to reflect the seriousness of elevator violations, to incentivize timely correction, and to deter future violations, including:

    a. **10 TAC §2.302:** The proposed amendment increases the potential administrative penalty for elevator noncompliance. The current administrative penalty schedule at Figure 2 of 10 TAC §2.302(k) did not account for circumstances in which extended elevator outage periods would result in an affected building failing to have an accessible route. Department staff had anticipated administrative penalty referrals for multiple violations of NSPIRE being referred together after a regularly scheduled TDHCA inspection, and for the resulting administrative penalties to be stacked for each said violation, rather than seeing stand-alone NSPIRE and accessibility violations for an elevator that breaks outside of the typical TDHCA inspection schedule. HUD's NSPIRE protocol classifies an inoperable elevator as a violation of moderate seriousness. The maximum potential administrative penalty under the

schedule is therefore currently $1,250.00, including $250.00 for a moderate NSPIRE violation and $1,000.00 for an accessibility violation. The rule amendment will increase that to $1,000.00 per instance plus up to $2,500.00 per week if an elevator-serviced building has no operable elevators, or $1,000.00 per instance plus up to $500.00 per week if an elevator-serviced building has an inoperable elevator, but other operable elevators are available in the building.

b. 10 TAC §2.401: The rule currently includes potential debarment for refusal to correct an NSPIRE violation. The proposed amendment adds debarment criteria for a Responsible Party that Controls a multifamily Development where there is no operable elevator in an elevator-serviced building after January 1, 2026, unless the Owner can provide evidence that necessary repairs were under contract and scheduled for repair with a licensed repair company within the corrective action period.

RECOMMENDATION: Accordingly, after consideration of all appropriate factors, the Enforcement Committee and Executive Director recommend an Agreed Final Order for an administrative penalty in the amount of $1,250.00 against Jubilee at Texas Parkway, LP.

ENFORCEMENT ACTION AGAINST	§	BEFORE THE
JUBILEE AT TEXAS PARKWAY, LP	§	TEXAS DEPARTMENT OF
WITH RESPECT TO	§	HOUSING AND COMMUNITY
JUBILEE AT TEXAS PARKWAY	§	AFFAIRS
(HTC 17317 / CMTS 5333)	§	

AGREED FINAL ORDER

General Remarks and official action taken:

On this 9th day of October, 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 **JUBILEE AT TEXAS PARKWAY, LP,** a Texas limited partnership ("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. During 2017, Jubilee at Texas Parkway, LP was awarded an allocation of Low Income Housing Tax Credits by the Board to build and operate Jubilee at Texas Parkway (Property) (HTC 17317 / CMTS 5333).

2. Respondent signed a land use restriction agreement (LURA) regarding the Property. The LURA was dated as of November 18, 2020, and filed of record on May 24, 2021, at Document Number 2021085296 of the Official Public Records of Real Property of Fort Bend County, Texas (Records).

3. Respondent is subject to the regulatory authority of TDHCA.

Compliance Violations[1]:

4. The Department received a complaint regarding two nonfunctional elevators. A nonfunctional elevator is a National Standards for the Physical Inspection of Real Estate (NSPIRE) violation under 10 TAC § 10.621 (Property Condition Standards). Elevators are part of the accessible route and are, therefore, also an accessibility violation under the Fair Housing Accessibility Standards, Tex. Gov't Code §§2306.6722 and 2306.6730, 10 TAC §§1.201-1.212 (Accessibility Rules), and Addendum C of the LURA, when there is no operable elevator on the accessible route. The Department issued a notification of noncompliance on June 25, 2025, setting a corrective action deadline of July 2, 2025. Elevator 1 was restored to service on July 2, 2025, and was not referred for an administrative penalty. The TDHCA Compliance Division referred nonfunctional Elevator 2 for an administrative penalty on July 2, 2025. Elevator 2 was restored to service on July 24, 2025.

5. All violations listed above are considered resolved at the time of this Order.

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.

[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.

5. Respondent violated 10 TAC § 10.621, Fair Housing Accessibility Standards, Tex. Gov't Code §§2306.6722 and 2306.6730, 10 TAC §§1.201-1.212, and Addendum C of the LURA, in 2025 due to a nonfunctional elevator.[2]

6. 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.

7. 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.

8. 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.

9. An administrative penalty of $1,250.00 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 $1,250.00.

IT IS FURTHER ORDERED that Respondent shall pay and is hereby directed to pay the $1,250.00 administrative penalty by cashier's check payable to the "Texas Department of Housing and Community Affairs" on or before November 10, 2025, to the following address:

If via overnight mail (FedEx, UPS):	**If via USPS:**
TDHCA Attn: Ysella Kaseman 221 E 11th 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.

[2] HUD's NSPIRE is the inspection standard adopted by TDHCA pursuant to 10 TAC 10.621(a).

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 October 9, 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 9th day of October, 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 9th day of October, 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

STATE OF TEXAS §
§
COUNTY OF _____§

BEFORE ME, _____ *(notary name)*, a notary public in and for the State of _____ on this day personally appeared Mark E. Gardner, known to me or proven to me through *circle one: personally known / driver's license / passport* 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, who being by me duly sworn, deposed as follows:

1. "My name is Mark E. Gardner, I am of sound mind, capable of making this statement, and personally acquainted with the facts herein stated.
2. I hold the office of sole member for Respondent. I am the authorized representative of Respondent, owner of the Property, which is subject to a Land Use Restriction Agreement monitored by the TDHCA in the State of Texas, and I am duly authorized by Respondent to execute this document.
3. The Taxpayer ID for Respondent is _____.
4. The mailing address for Respondent is _____.
5. Respondent knowingly and voluntarily enters into this Agreed Final Order, and agrees with and consents to the issuance and service of the foregoing Agreed Order by the Governing Board of the Texas Department of Housing and Community Affairs."

RESPONDENT:

JUBILEE AT TEXAS PARKWAY, LP, a Texas limited liability company

JUBILEE AT TEXAS PARKWAY GP, LLC, a Texas limited liability company, its general partner

JUBILEE AT TEXAS PARKWAY MM, LLC, a Texas limited liability company, its managing member

By: _____

Name: Mark E. Gardner

Title: Sole Member

Given under my hand and seal of office this _____ day of _____, 2025.

_____
Signature of Notary Public

_____
Printed Name of Notary Public

NOTARY PUBLIC IN AND FOR THE STATE OF _____
My Commission Expires:_____

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1169 **Agenda Date:** 10/9/2025 **Agenda #:** 22.

Presentation, discussion, and possible action on an order proposing the repeal of 10 TAC Chapter 2, Subchapter C, Administrative Penalties, §2.302 Administrative Penalty Process; an order proposing new 10 TAC Chapter 2, Subchapter C, Administrative Penalties, §2.302 Administrative Penalty Process; 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, pursuant to Tex. Gov't Code §2306.041, the Department is authorized to impose an administrative penalty on a person who violates the statute, or a rule or order adopted under the statute;

WHEREAS, pursuant to Tex. Gov't Code §2306.042, the amount of an administrative penalty may not exceed $1,000.00 per violation per day, and the Department is required to adopt an administrative penalty schedule;

WHEREAS, the current administrative penalty schedule adopted by the Department at Figure 2 of 10 TAC §2.302(k) did not account for circumstances in which extended elevator outage periods would result in an affected building failing to have an accessible route due to owners failing to repair nonfunctional elevator(s) outside of a periodic TDHCA inspection;

WHEREAS, the Department proposes adding a maximum potential administrative penalty of $1,000.00 plus $2,500.00 per week, beginning on the corrective action deadline, if all elevators in a building are non-operational, reflecting the seriousness of this violation;

WHEREAS, staff has therefore drafted a revision of the current rule on this subject, which upon Board approval will be released for public comment and returned to the Board for adoption at a subsequent Board meeting.

NOW, therefore, it is hereby

RESOLVED,

BACKGROUND

Tex. Gov't Code §2306.053 provides for the Department to administer federal housing, community affairs, and community development programs, and it authorizes the development of rules governing the administration of those programs. Tex. Gov't Code §§2306.041 - 2306.042 provide authority and limits for administrative penalty assessments for violations of the statute, Department rules, and/or orders. 10 TAC Chapter 2 governs how enforcement of programmatic requirements are handled.

During 2025, the Department has received multiple complaints relating to broken elevators, with extended outage periods during which the affected buildings did not have an accessible route. Two notable examples that were referred for enforcement are The Life at Sterling Woods (HTC 04478 / CMTS 4176) and Jubilee at Texas Parkway (HTC 17317 / CMTS 5333), both of which are elderly developments that had extended elevator outages. The Board approved an Agreed Final Order for an administrative penalty assessment for The Life at Sterling Woods on March 6, 2025, and it will consider an administrative penalty assessment for Jubilee at Texas Parkway on October 9, 2025.

The current administrative penalty schedule at Figure 2 of 10 TAC §2.302(k) did not account for circumstances in which extended elevator outage periods would result in an affected building failing to have an accessible route. Department staff had anticipated administrative penalty referrals for multiple violations of National Standards for the Physical Inspection of Real Estate (NSPIRE) being referred together after a regularly scheduled TDHCA inspection, and for the resulting administrative penalties to be stacked for each said violation, rather than seeing stand-alone NSPIRE and accessibility violations for an elevator that breaks outside of the typical TDHCA inspection schedule. HUD's NSPIRE protocol classifies an inoperable elevator as a violation of moderate seriousness. The maximum potential administrative penalty under the schedule is therefore currently $1,250.00, including $250.00 for a moderate NSPIRE violation and $1,000.00 for an accessibility violation. Refusal to correct an NSPIRE violation would also cause mandatory debarment under 10 TAC §2.401(d)(4). In a separate Board item, the Department has also recommended changes to the debarment rule at 10 TAC §2.401, adding a line for non-functional elevators.

It is appropriate to consider a larger administrative penalty in the event that a building that is serviced by an elevator has no operable elevators. Accordingly, the Department recommends adding a row to 10 TAC §2.302(k), with a maximum potential administrative penalty of $1,000.00 plus $2,500.00 per week, beginning on the corrective action deadline, if all elevators in a building are down, reflecting the seriousness of this violation. A weekly multiplier is recommended rather than a daily penalty because elevator repairs can be complex, requiring specialized parts that cannot be sourced locally and, in the case of an obsolete elevator, may need to be custom-made. There is also a limited number of qualified elevator service companies. Despite these difficulties, a larger potential maximum administrative penalty is appropriate to reflect the seriousness of the violation, incentivize proactive maintenance and timely correction, and to deter future violations. This amount reflects the maximum potential administrative penalty, but it can be reduced by the Enforcement Committee if appropriate when considering the statutory factors at Tex. Gov't Code §2306.042.

Behind the preamble, the rule is provided in blackline form reflecting the changes being recommended. These changes also include correction of a typo and clarification that preferences and limitations as reflected.

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 Chapter 2, Subchapter C, Administrative Penalties, §2.302 Administrative Penalty Process

The Texas Department of Housing and Community Affairs (the Department) proposes the repeal of 10 TAC Chapter 2, Subchapter C, Administrative Penalties, §2.302 Administrative Penalty Process. The purpose of the proposed repeal is to eliminate the outdated rule and replace it simultaneously with a new rule that addresses elevator noncompliance.

Tex. Gov't Code §2001.0045(b) does not apply to the rule proposed for repeal because there are no costs associated with the repeal.

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: the enforcement of the Department's program rules.
2. The repeal does not require a change in work that creates new 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 is not considered to expand an existing regulation.
7. The repeal does not increase 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 sections 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 AND INFORMATION RELATED TO COST, BENEFIT OR EFFECT. The Department requests comments on the rule and also requests information related to the cost, benefit, or effect of the proposed rule, including any applicable data, research, or analysis from any person required to comply with the proposed rule or any other interested person. The public comment period will be held October 24, 2025 to November 24, 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.texas.gov. ALL COMMENTS AND INFORMATION MUST BE RECEIVED BY 5:00 p.m., Austin local (Central) time, November 24, 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.

Attachment 2: Preamble, including required analysis, for proposed new 10 TAC Chapter 2, Subchapter C, Administrative Penalties, §2.302 Administrative Penalty Process

The Texas Department of Housing and Community Affairs (the Department) proposes new 10 TAC Chapter 2, Subchapter C, Administrative Penalties, §2.302 Administrative Penalty Process. The purpose of the proposed repeal is to eliminate the outdated rule and replace it simultaneously with a new rule that addresses the enforcement of elevator noncompliance.

Tex. Gov’t Code §2001.0045(b) does not apply to the rule proposed for repeal because there are no additional costs associated with this action. Sufficient existing state and/or federal administrative funds associated with the applicable programs are available to offset costs. No additional funds will be needed to implement this rule.

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 sections would be in effect:

1. The rule does not create or eliminate a government program but relates to changes to an existing activity: the enforcement of the Department’s program rules.
2. The rule does not require a change in work that creates new employee positions.
3. The new section will 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.
6. The new section does expand on an existing regulation.
7. The new section does not increase 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 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 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 improvement in the Department's ability to enforce elevator noncompliance. The rule does provide for administrative costs to properties that have no operational elevators. 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 sections may have some costs to the state to implement the verification process and to the Department's subrecipients in administering the rule changes. However, sufficient state or federal administrative funds associated with the applicable programs are already available to offset costs. No additional funds will be required.
REQUEST FOR PUBLIC COMMENT AND INFORMATION RELATED TO COST, BENEFIT OR EFFECT. The Department requests comments on the rule and also requests information related to the cost, benefit, or effect of the proposed rule, including any applicable data, research, or analysis from any person required to comply with the proposed rule or any other interested person. The public comment period will be held October 24, 2025 to November 24, 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.texas.gov. ALL COMMENTS AND INFORMATION MUST BE RECEIVED BY 5:00 p.m., Austin local (Central) time, November 24, 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 section affects no other code, article, or statute.

§2.302 Administrative Penalty Process

(a) The Executive Director will appoint an Enforcement Committee, as defined in §2.102 of this chapter (relating to Definitions).

(b) The referring division will recommend the initiation of administrative penalty proceedings to the Committee by referral to the secretary of the Committee (Secretary). At the time of referral for a multifamily rental Development, the referral letter from the referring Division will require the Responsible Party who Controls the Development to provide a listing of the Actively Monitored Developments in their portfolio. The Secretary will use this information to help determine whether mandatory Debarment should be simultaneously considered by the Enforcement Committee in accordance with §2.401(e)(2) of this section, related to repeated violations.

(c) The Secretary shall promptly contact the Responsible Party. If fully acceptable corrective action documentation is submitted to the referring division before the Secretary sends an informal conference notice, the referral shall be closed with no further action provided that the Responsible Party is not subject to consideration for Debarment and provided that the referring division does not wish to move forward with the referral based upon a pattern of repeated violations. If the Secretary is not able to facilitate resolution, but receives a reasonable plan for correction, such plan shall be reported to the Committee to determine whether to schedule an informal conference, modify the plan, or accept the plan. If accepted, plan progress shall be regularly reported to the Committee, but an informal conference will not be held unless the approved plan is substantively violated, or an informal conference is later requested by the Committee or the Responsible Party. Plan examples include but are not limited to: a rehabilitation plan with a scope of work or contracts already in place, plans approved by the Department as part of the Previous Participation Review process provided for in 10 TAC Subchapter C for an ownership transfer or funding application, plans approved by the Executive Director, plans approved by the Asset Management Division, and/or plans relating to newly transferred Developments with unresolved Events of Noncompliance originating under prior ownership. Should the Secretary and Responsible Party fail to come to, an agreement or closer of the referral, or if the Responsible Party or ownership group's prior history of administrative penalty referrals does not support closure, or if consideration of Debarment is appropriate, the Secretary will schedule an informal conference with the Responsible Party to attempt to reach an agreed resolution.

(d) When an informal conference is scheduled, a deadline for submitting Corrective Action documentation will be included, providing a final opportunity for resolution. If compliance is achieved at this stage, the referral will be closed with a warning letter provided that factors, as discussed below, do not preclude such closure. Closure with a warning letter shall be reported to the Committee. Factors that will determine whether it is appropriate to close with a warning letter include, but are not limited to:
(1) Prior Enforcement Committee history relating to the Development or other properties in the ownership group;
(2) Prior Enforcement Committee history regarding similar federal or state Programs;
(3) Whether the deadline set by the Secretary in the informal conference notice has been met;
(4) Whether the Committee has set any exceptions for certain finding types; and
(5) Any other factor that may be relevant to the situation.

(e) If an informal conference is held:

(1) Notwithstanding the Responsible Party's attendance or presence of an authorized representative, the Enforcement Committee may proceed with the informal conference;
(2) The Responsible Party may, but is not required to be, represented by legal counsel of their choosing at their own cost and expense;
(3) The Responsible Party may bring to the meeting third parties, employees, and agents with knowledge of the issues;
(4) Assessment of an administrative penalty and Debarment may be considered at the same informal conference; and
(5) In order to facilitate candid dialogue, an informal conference will not be open to the public; however, the Committee may include such other persons or witnesses as the Committee deems necessary for a complete and full development of relevant information and evidence.

(f) An informal conference may result in the following, which shall be reported to the Executive Director:
(1) An agreement to dismiss the matter with no further action;
(2) A compliance assistance notice issued by the Committee, available for Responsible Parties appearing for the first time before the Committee for matters which the Committee determines do not necessitate the assessment of an administrative penalty, but for which the Committee wishes to place the Responsible Party on notice with regard to possible future penalty assessment;
(3) An agreement to resolve the matter through corrective action without penalty with a clear timeline included. If the agreement is to be included in an order, a proposed agreed order will be prepared and presented to the Board for approval;
(4) An agreement to resolve the matter through corrective action with the assessment of an administrative penalty which may be probated in whole or in part, and may, where appropriate, include additional action to promote compliance such as requirements to obtain training. In this circumstance, a proposed agreed order will be prepared and presented to Department's Governing Board for approval;
(5) A recommendation by the Committee to the Executive Director to determine that a violation occurred, and to issue a report to the Board and a Notice of Violation to the Responsible Party, seeking the assessment of administrative penalties through a contested case hearing with the State Office of Administrative Hearings (SOAH); or
(6) Other action as the Committee deems appropriate.

(g) Upon receipt of a recommendation from the Committee regarding the issuance of a report and assessment of an administrative penalty under subsection (f)(5), the Executive Director shall determine whether a violation has occurred. If needed, the Executive Director may request additional information and/or return the recommendation to the Committee for further development. If the Executive Director determines that a violation has occurred, the Executive Director will issue a report to the Board in accordance with §2306.043 of the Texas Government Code.

(h) Not later than 14 days after issuance of the report to the Board, the Executive Director will issue a Notice of Violation to the Responsible Party, along with a Notice of Violation for Property Posting (which shall be printed and posted in two prominent places on the property subject to

the Notice, and photographic proof of the posting shall be made). The Notice of Violation issued by the Executive Director will include:
(1) A summary of the alleged violation(s) together with reference to the particular sections of the statutes and rules alleged to have been violated;
(2) A statement informing the Responsible Party of the right to a hearing before the SOAH, if applicable, on the occurrence of the violation(s), the amount of penalty, or both;
(3) Any other matters deemed relevant, including the requirements regarding the Notice of Violation for Property Posting; and
(4) The amount of the recommended penalty. In determining the amount of a recommended administrative penalty, the Executive Director shall take into consideration the statutory factors at Tex. Gov't Code §2306.042 the penalty schedule shown in the tables in subsection (k) of this section and in the instance of a proceeding to assess administrative penalties against a Responsible Party administering the annual block grant portion of CDBG, CSBG, or LIHEAP, whether the assessment of such penalty will interfere with the uninterrupted delivery of services under such program(s). The Executive Director shall further take into account whether the Department's purposes may be achieved or enhanced by the use of full or partial probation of penalties subject to adherence to specific requirements and whether the violation(s) in question involve disallowed costs.

(i) Not later than 20 days after the Responsible Party receives the Notice of Violation, the Responsible Party may accept the requirements of the Notice of Violation or request a SOAH hearing.

(j) If the Responsible Party requests a hearing or does not respond to the Notice of Violation, the Executive Director, with the approval of the Board, shall cause the hearing to be docketed before a SOAH administrative law judge in accordance with §1.13 of this title (relating to Contested Case Hearing Procedures), which outlines the remainder of the process.

(k) Penalty schedules.
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Figure 1: 10 TAC §2.302(k). Penalty schedule for Chapters 6 and 7 Findings of Noncompliance

Figure 1: 10 TAC §2.302(k)

Penalty ~~table~~schedule for Chapters 6 and 7 Findings of Noncompliance. These are the maximum potential administrative penalty amounts possible for each finding of noncompliance. When an administrative penalty is to be considered, the matrix below must be considered in conjunction with the statutory factors at Tex. Gov't Code §2306.042.		
Finding of Noncompliance	Maximum first time administrative penalty assessment	Maximum Administrative penalty assessment for a Responsible Party that has previously paid a penalty for the same
Lack of financial duties or material inventory segregation of duties	Up to $500	Up to $1,000

No Cost Allocation/Not allocating costs properly	Up to $500 for each instance	Up to $1,000 for each instance
Violation of Conflict of Interest policies	Up to $500	Up to $1,000
Lack of Insurance or Fidelity Bond coverage	Up to $1,000 + up to $100 a day for each day not in compliance	Up to $1,000 + up to $200 a day for each day not in compliance
Failure to submit Inventory Report within 45 days (end Contract Term)	Up to $500	Up to $1,000
Unallowable/Unreasonable expenditure	Up to $1,000 for each instance	Up to $1,000 for each instance
Violation of Procurement Requirements	Up to $1,000 for each service or product not properly procured	Up to $1,000 for each service or product not properly procured
Lack of Subcontractor contract	Up to $250 for each instance	Up to $500 for each instance
Lack of prior approval for purchase(s)	Up to $500 for each instance	Up to $1,000 for each instance
Instance of Fraud, Waste and/or Abuse	Up to $1,000	Up to $1,000
Commingling of funds, Misapplication of funds	Up to $1,000	Up to $1,000
Failure to timely submit Audit -Certification Form	Up to $250	Up to $1,000 per violation
Failure to timely submit Single Audit	Up to $1,000	Up to $1,000 + up to $100 for each day
Lack of providing requested	Up to $500 per day for each item or	Up to $150 per day for each item or
Failure to timely respond to Report/provide required	Up to $100 for first violation	Up to $1,000 per day per violation
Failure to report/record program income	Up to $500 for each instance	Up to $1,000 for each instance
Noncompliance with record retention	Up to $100 for each instance	Up to $1,000 for each instance
Providing assistance to income or SAVE ineligible	Up to $500 for each instance	Up to $1,000 for each instance

Service provided to clients not according to poverty	Up to $500	Up to $1,000
Failure to meet Tri- Partite Board Requirements	Up to $1,000 + up to $100 for each the	Up to $1,000 + up to $250 for each day
Failure to comply with Department minimum	Up to $250 for each instance	Up to $500 for each instance
Failure to Prioritize applicants	Up to $250 for each instance	Up to $500 for each instance
Failure to complete or to properly complete required program documents	Up to $250 for each instance	Up to $750 for each instance
Payment to Vendor without a Vendor Agreement	Up to $500 for each instance	Up to $1,000 for each instance
Failure to perform Outreach activities	Up to $500	Up to $1,000
Weatherized unit expenditure over maximum cost per unit w/o prior approval	Up to $500 for each instance	Up to $1,000 for each instance
Failure to input Ending Homelessness, HHSP, or ESG client data into the Homeless Management Information System	Up to $500 for each instance	Up to $1,000 for each instance
Other noncompliance with a contract requirement	Up to $1,000	Up to $1,000
Failure to comply with case management requirements	Up to $500	Up to $750
Noncompliance with applicable OMB or state financial management requirements	Up to $500	Up to $1,000
Noncompliance with Texas Prompt Payment Act	Up to $500	Up to $750
Noncompliance with Historical Commission requirements	Up to $500	Up to $75
Failure to comply with Limited English Proficiency (“LEP”) policies in accordance with program rule, policy or agreement	Up to $500	Up to $1000

Failure to meet accessibility requirements	Up to $1,000 per violation	Up to $1,000 per violation
Failure to submit Inventory Report within 45 days (end of contract term)	Up to $500	Up to $1,000
Failure to timely enter into an ISPA (Information Privacy and Security Agreement)	Up to $1,000 per violation	Up to $1,000 per violation
Failure to attend required training as required by program rule, policy or agreement	Up to $100 per violation	Up to $200 per violation
Failure to comply with Section 3 requirements in 24 CFR Part 75 in accordance with program rule, policy, or agreement (ESG only)	Up to $500	Up to $1,000

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Figure 2: 10 TAC §2.302(k). Penalty schedule for Multifamily Rental Findings of Noncompliance

Penalty ~~table~~schedule for Multifamily Rental Findings of Noncompliance. These are the maximum potential administrative penalty amounts possible for each finding of noncompliance. When an administrative penalty is to be considered, the matrix below must be considered in conjunction with the statutory factors at Tex. Gov't Code §2306.042:		
Finding of Noncompliance	Maximum First Time Administrative Penalty assessment	Maximum Administrative Penalty Assessment for a Responsible Party that has previously paid a penalty for the same finding type
Violations of the Uniform Physical Condition Standards	Up to $500 for level 3 deficiencies, up to $250 for level 2 deficiencies, up to $125 for level 1 deficiencies, plus an optional $100 per day for each level 2 or level 3 deficiency that remains uncorrected 6 months from the corrective action deadline	Up to $1,000 for level 3 deficiencies, up to $500 for level 2 deficiencies, up to $250 for level 1 deficiencies, plus an optional $200 per day for each level 2 or level 3 deficiency that remains uncorrected 6 months from the corrective action deadline
Violations of National Standards for Physical Inspections of Real Estate	Up to $500 for life threatening and severe deficiencies, up to $250 for moderate deficiencies, up to $125 for low deficiencies, plus an optional $100 per day for each life threatening or severe deficiency that remains uncorrected 6 months from the corrective action deadline	Up to $1,000 for life threatening and severe deficiencies, up to $500 for moderate deficiencies, up to $250 for low deficiencies, plus an optional $200 per day for each life threatening or severe deficiency that remains uncorrected 6 months from the corrective action deadline
Violations of National Standards for Physical Inspections of Real Estate, relating to inoperable elevators	If an elevator-serviced building has no operable elevators: Up to $1,000.00 per inoperable elevator, plus an optional $2,500.00 per week	If an elevator-serviced building has no operable elevators: Up to $1,000.00 per inoperable elevator, plus an optional $5,000.00 per week

	If an elevator-serviced building has an inoperable elevator, but other operable elevators are available in the building: Up to $1,000.00 per inoperable elevator, plus an optional $500.00 per week	If an elevator-serviced building has an inoperable elevator, but other operable elevators are available in the building: Up to $1,000.00 per inoperable elevator, plus an optional $1,000.00 per week
Noncompliance related to Affirmative Marketing requirements described in §10.801 of this title.	Up to $250	Up to $500
TDHCA has received notice from HUD, the DOJ, the TWC, or another party of a judgement from a court of competent jurisdiction regarding a Fair Housing Violation and/or reported general public use violations, unless such violation has already been disclosed in the Annual Owner's Compliance Report.	Up to $1,000	Up to $1,000
TDHCA has referred unresolved Fair Housing design and construction issues to the Texas Workforce Commission Civil Rights division	Up to $1,000	Up to $1,000
Development is not available to the general public because of leasing issues	Up to $1,000 per day per violation	Up to $1,000 per day per violation
Development is never expected to comply due to failure to report or allow monitoring	Up to $1,000 per day	Up to $1,000 per day

Owner did not allow on-site monitoring or failed to notify residents, resulting in inspection cancellation (including failure to appear for review)	Up to $1,000 per day	Up to $1,000 per day
LURA not in effect	Up to $1,000 per day	Up to $1,000 per day
Project failed to meet minimum set aside	Up to $1,000 per day	Up to $1,000 per day
No evidence of, or failure to certify to material participation and/or ownership by a non-profit or HUB, if required by LURA	Up to $750	Up to $1,000
Development failed to meet additional state required rent and occupancy restrictions	Up to $250 per day per violation	Up to $500 per day per ~~viola~~violation
Noncompliance with social service requirements (provision of services)	Up to $250 per violation, with each required service considered a separate violation	Up to $500 per violation, with each required service considered a separate violation
Noncompliance with social service requirements (expenditure amounts)	Double the monthly expenditure deficiency, up to a maximum of $1,000 per day	Triple the monthly expenditure deficiency, up to a maximum of $1,000 per day.
Development failed to provide housing to the elderly as promised at application	Up to $5 per day per violation	Up to $10 per day per violation
Failure to provide special needs housing, or to follow preferences and limitations as required by rule or LURA	Up to $1,000 per violation	Up to $1,000 per violation
Changes in Eligible Basis or Applicable percentage in violation of the IRS 8823 Audit Guide or other IRS guidance	Up to $1,000 per day per violation	Up to $1,000 per day per violation

Failure to submit all or parts of the Annual Owner's Compliance Report	Up to $500	Up to $1,000
Failure to respond to Compliance Division requests for clarification regarding answers on the Annual Owner's Compliance Report	Up to $250	Up to $750
Failure to submit quarterly reports as required by §10.607 of this title	Up to $100, then an~~d~~ additional $250 for each subsequent quarter that the report is not received	Up to $250, then an additional $500 for each subsequent quarter that the report is not submitted
Noncompliance with utility allowance requirements described in §10.614 of this title and/or Treasury Regulation 26 CFR §1.42-10	Up to $50 per unit	Up to $100 per unit
Noncompliance with lease requirements described in §10.613 of this title (relating to failure to execute required lease provisions)	Up to $500	Up to $1,000
Noncompliance with lease requirements described in §10.613 of this title (relating to failure to provide lease brochures, guides or notices described in §10.613 currently including but not limited to the Tenant Rights and Resources Guide)	Up to $250	Up to $500
Asset Management has reported that Development has failed to establish and maintain a reserve account in accordance with §10.404 of this title	Up to $1,000	Up to $1,000

Failure to provide a notary public as promised at application	Up to $500	Up to $750
Violation of the Unit Vacancy Rule	Up to $250 per violation	Up to $500 per violation
Failure to provide pre-onsite documentation	Up to $250 per pre-onsite documentation item	Up to $500 per pre-onsite documentation item
Failure to provide amenity as required by LURA	Up to $1,000 per violation	Up to $1,000 per violation, plus $100 for each subsequent day the violation continues
Failure to pay asset management, compliance monitoring or other required fee	Up to $250 for the first day plus $10 per day for each subsequent day the violation continues	Up to $500 for the first day plus $50 per day for each subsequent day the violation continues
Change in ownership without department approval (other than removal of a general partner in accordance with §10.406 of this title)	Up to $1,000 for the first day plus $100 per day for each subsequent day the violation continues	Up to $1,000 for the first day plus $200 per day for each subsequent day the violation continues
Noncompliance with written policy and procedure requirements described in §10.802 of this title (written policy violations)	Up to $500 per violation	Up to $1,000 per violation
Noncompliance with written policy and procedure requirements described in §10.802 of this title (notice of termination language requirements)	Up to $250 per violation	Up to $500 per violation
Noncompliance with Reasonable Accommodation Policy requirements as described in §10.802 of this title	Up to $500 per violation	Up to $1,000 per violation

Program Unit not leased to Low-Income household (either because the household's income exceeds the allowable limit or because the owner did not gather adequate documentation to establish household eligibility)	Up to $1,000 per violation	Up to $1,000 per violation
Program unit occupied by nonqualified full- time students	Up to $1,000 per violation	Up to $1,000 per violation
Low-Income units used on a transient basis	Up to $500 per violation	Up to $1,000 per violation
Violation of the Available Unit Rule	Up to $500 per violation	Up to $1,000 per violation
Gross rent exceeds the highest rent allowed under the LURA or other deed restriction	Up to $50 per unit per day	Up to $150 per unit per day
Failure to provide Tenant Income Certification and documentation	Up to $100 per violation	Up to $250 per violation
Unit not available for rent	Up to $50 per unit per day	Up to $100 per unit per day
Failure to collect data required by §10.612(b)(1) and/or (2) of this title (Annual Eligibility Certifications)	Up to $50 per violation	Up to $100 per violation
Development evicted or terminated the tenancy of a low- income tenant for other than good cause	Up to $1,000 per violation	Up to $1,000 per violation
Household income increased above 80 percent at recertification and Owner failed to properly determine rent	Up to $500 per violation	Up to $1,000 per violation
Violation of the Integrated Housing Rule in 10 TAC 1.15	Up to $500	Up to $500

Failure to resolve final construction deficiencies within corrective action period	Up to $1,000 per violation	Up to $1,000 per violation
Noncompliance with the required accessibility requirements such as §504 of the Rehabilitation Act of 1973, the 2010 ADA standards or other accessibility related requirements of a Department Rule, including but not limited to those described in Chapter 1, Subchapter B (except those only under the Fair Housing Act for which there is a separate category)	Up to $1,000 per violation, plus an optional $100 per day for each accessibility deficiency that remains uncorrected 6 months from the corrective action deadline	Up to $1,000 per violation, plus an optional $100 per day for each accessibility deficiency that remains uncorrected 6 months from the corrective action deadline
Noncompliance with the notice to the Department requirements described in §10.609 of this title	Up to $500	Up to $500
Failure to provide a reasonable accommodation under 10 TAC, Chapter 1, Subchapter B	Up to $1,000 per violation	Up to $1,000 per violation
Violation of the Fair Housing Act and §1.205 of this Title	Up to $1,000	Up to $1,000
Failure to reserve units for Section 811 participants (Section 811 PRA only)	Up to $750 per violation	Up to $1,000 per violation
Failure to notify the Department of the availability of Section 811 units (Section 811 PRA only)	Up to $750 per violation	Up to $1,000 per violation

Owner failed to check criminal history and drug use of household (as required by Department Rule)	Up to $250	Up to $500
Failure to use Enterprise Income Verification System (section 811 PRA only)	Up to $250	Up to $500
Failure to properly document and calculate adjusted income (section 811 PRA only)	Up to $500 per violation	Up to $1,000 per violation
Failure to use required HUD forms (Section 811 PRA only)	Up to $250	Up to $500
Accepted funding that limits 811 PRA participation	Up to $1,000	Up to $1,000
Failure to properly calculate resident portion of rent (Section 811 PRA and HOME ARP Qualified Population Units only)	Up to $50 per unit per day	Up to $150 per unit per day
Failure to use HUD model Lease (Section 811 PRA only)	Up to $500	Up to $1,000
Failure to disperse 811 PRA Units according to program requirements (relates to disbursement throughout the Development. Section 811 PRA only)	Up to $500	Up to $1,000
Failure to conduct interim certifications (Section 811 PRA only)	Up to $100 per violation	Up to $250 per violation
Failure to conduct annual income recertification (Section 811 PRA only)	Up to $100 per violation	Up to $250 per violation

Asset Management Division has reported that Development has failed to submit rents for review on an annual basis in accordance with §10.403 of this Title	Up to $750	Up to $1,000
Failure to maintain status as a qualified Community Housing Development Organization (CHDO)	Up to $1,000 + up to $100 for each day the entity failed to comply	Up to $1,000 + up to $250 for each day the entity failed to comply
Failure to submit Audit Certification Form, a Single Audit, or other programmatic audit	Up to $1,000	Up to $1,000 plus up to $100 for each day not in compliance
Failure to timely enter into an Information Privacy and Security Agreement	Up to $1,000 per violation	Up to $1,000 per violation
Failure to comply with Labor Standards requirements in accordance with program rule, policy or agreement	Up to $500	Up to $1,000
Failure to comply with displacement policies as required by program rule, policy or agreement	Up to $500	Up to $1,000
Casualty loss not corrected during restoration period	Up to $100 per unit per day	Up to $500 per unit per day
Unit leased to Household that is not qualified for the Section 811 PRA program	Up to $500	Up to $1,000
Failure to submit documentation for mail in review	Up to $1,000 per day	Up to $1,000 per day
Noncompliance with CHDO requirements	Up to $500	Up to $1,000
Failure to properly calculate security deposit (Section 811 PRA only)	Up to $1,000	Up to $1,000

Failure to prominently display required Fair Housing Posters (Section 811 PRA only)	Up to $250	Up to $500
Failure to comply with Section 3 requirements in 24 CFR Part 75in accordance with program rule, policy, or agreement	Up to $500	Up to $1,000

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Figure 3: 10 TAC 2.302(k). Penalty schedule for Single Family Program Findings of Noncompliance

Penalty table for Single Family Program Findings of Noncompliance. These are the maximum potential administrative penalty amounts possible for each finding of noncompliance. When an administrative penalty is to be considered, this matrix must be considered in conjunction with the statutory factors at Tex. Gov't Code §2306.042.		
Finding of Noncompliance	Maximum first time administrative penalty assessment	Maximum administrative penalty assessment for a Responsible Party that has previously paid a penalty for the same finding type
Noncompliance related to Affirmative Marketing requirements	Up to $500	Up to $1,000
Program Accessibility violations	Up to $100 per violation	Up to $200 per violation
Failure to meet CHDO Board requirements	Up to $1,000 + up to $100 for each day the entity failed to comply	Up to $1,000 + up to $250 for each day the entity failed to comply
Repeated violations of interim loan terms or timeline	Up to $500	Up to $1,000
Records retention violations	Up to $100 per violation	Up to $200 per violation

Failure to attend required training as required by program rule, policy or agreement	Up to $100 per violation	Up to $200 per violation
Providing assistance to households that are not income eligible	Up to $500	Up to $1,000
Violations of construction standards	Up to $500	Up to $1,000
Violations of property condition standards	Up to $500	Up to $1,000
Violation of Conflict of Interest Policies	Up to $500	Up to $1,000
Violation of program policies regarding us of funds for sectarian or religious activity	Up to $500	Up to $1,000
Failure to comply with Limited English Proficiency ("LEP") policies in accordance	Up to $500	Up to $1,000
Failure to comply with labor standards requirements in accordance with program	Up to $500	Up to $1,000
Violation of Procurement Requirements	Up to $1,000 for each service or product not properly procured	Up to $1,000 for each service or product not properly procured
Failure to comply with Section 3 requirements in 24 CFR Part 75 in accordance with program	Up to $500	Up to $1,000

Failure to comply with displacement policies as by program rule, policy, or agreement required	Up to $500	Up to $1,000
Failure to provide Tenant Income Certification and documentation	Up to $250 per violation	Up to $250 violation
Failure to collect data required by program rules, policies or agreements	Up to $50 per violation	Up to $100 per violation
Failure to provide required documentation or corrections to documentation	Up to $50 per day	Up to $150 per day
Development evicted or terminated the tenancy of a low- income tenant for other than good cause	Up to $500 per violation	Up to $1,000 per violation
For tenant-based rental programs, Household income increased above 80 percent at	Up to $500 per violation	Up to $1,000 per violation
For tenant-based rental programs, gross rent exceeds the highest rent by program rule, policy or	Up to $50 per unit per day	Up to $150 per unit per day

Failure to return or repay funds to the Department as required by (such as contract termination, assessed penalties, disallowed costs, overpayment, Deobligation, or recapture) rule, policy or agreements	Up to $50 per day	Up to $150 per day
Failure to meet accessibility requirements	Up to $1,000 per violation	Up to $1,000 per violation
Noncompliance with applicable OMB or state financial management requirements	Up to $500	Up to $1,000

Failure to timely submit Audit Certification Form	Up to $250	Up to $1,000 per violation
Failure to timely submit Single Audit	Up to $1,000	Up to $1,000 + up to $100 for each day not in compliance
Failure to timely enter into an ISPA (Information Privacy and Security Agreement)	Up to $1,000 per Violation	Up to $1,000 per Violation

Lack of insurance of fidelity bond coverage	Up to $1,000 + up to $100 a day for each day not in compliance	Up to $1,000 + up to $200 a day for each day not in compliance

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1128 **Agenda Date:** 10/9/2025 **Agenda #:** 23.

Presentation, discussion, and possible action on an order proposing the repeal of 10 TAC Chapter 12, concerning the Multifamily Housing Revenue Bond Rules, and an order proposing new 10 TAC Chapter 12 concerning the Multifamily Housing Revenue Bond Rules, 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 Department is authorized to issue multifamily housing revenue bonds for the State of Texas by Tex. Gov't Code §2306.351 and Tex. Gov't Code §2306.359 requires the Department to provide for specific scoring criteria and underwriting considerations for multifamily private activity bond activities;

WHEREAS, the Department developed the Multifamily Housing Revenue Bond Rules to establish the procedures and requirements relating to the issuance of bonds; 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 are hereby authorized, empowered, and directed for and on behalf of the Department, to cause the proposed repeal of the current 10 TAC Chapter 12, Multifamily Housing Revenue Bond Rules, and the proposed new 10 TAC Chapter 12, Multifamily Housing Revenue Bond Rules, together with the preambles in the form presented to this meeting, to be published in the *Texas Register* for public comment and, in connection therewith, make non-substantive technical corrections as they may deem necessary to effectuate the foregoing including any requested revisions to the preambles.

BACKGROUND

Attached to the Board Action Request is a draft that reflects the proposed changes to the 2026 Draft Multifamily Housing Revenue Bond Rules, and incorporates staff's recommendations for the Board's consideration. The proposed changes primarily include inclusion of the potential for Qualified 501(c)(3) bond issuances and requirements associated with them. Staff notes that the provision for issuing Qualified 501(c)(3) Bonds has been in the Bond Rules previously, but was removed several years ago as the Department shifted away from such issuances. The reintroduction of the Qualified 501(c)(3) Multifamily Bond Program concept would provide financing to nonprofit developers of new or existing multifamily rental properties to generate or preserve affordable rental housing.

Moreover, the scoring item relating to the 50% test has been removed. Shortly after this scoring item was included in the rule, state law was changed to allow for a maximum 55% test when the bond ceiling is oversubscribed and there have been recent changes to federal law that lowers this threshold to 25%. Staff has removed this item pending how the industry responds to the new lower limit before bringing the scoring item back into the rule.

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Attachment 1: Preamble, including required analysis, for proposed repeal of 10 TAC Chapter 12, Multifamily Housing Revenue Bond Rules

The Texas Department of Housing and Community Affairs (the Department) proposes the repeal of 10 TAC Chapter 12, Multifamily Housing Revenue Bond Rules (Bond Rules). The purpose of the proposed repeal is to eliminate an outdated rule while adopting a new updated rule under separate action.

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.

1. Mr. Bobby Wilkinson, Executive Director, has determined that, for the first five years the proposed repeal would be in effect, the proposed repeal does not create or eliminate a government program, but relates to the repeal, and simultaneous readoption making changes to an existing activity, the issuance of Private Activity Bonds (PAB) by the Department.

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

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

4. The proposed repeal does not result in an increase in fees paid to the Department or in a decrease in fees paid to the Department.

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

6. The proposed action will repeal an existing regulation, but is associated with a simultaneous readoption making changes to an existing activity, the issuance of PABs by the Department.

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

8. The proposed repeal will not negatively or positively affect this 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 proposed repeal and determined that the proposed 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 proposed repeal does not contemplate or authorize a takings 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 proposed repeal as to its possible effects on local economies and has determined that for the first five years the proposed 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 proposed repeal is in effect, the public benefit anticipated as a result of the repealed section would be an updated and more germane rule for administering the issuance of PAB by the Department. 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 proposed 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 October 24, 2025, to November 21, 2025, to receive stakeholder comment on the proposed repealed section. Written comments may be submitted to the Texas Department of Housing and Community Affairs, Attn: Liz Cline, Bond Rule Public Comment, P.O. Box 13941, Austin, Texas 78711-3941, or by fax to (512) 475-3963, attn: Liz Cline, Bond Rule Public Comments, or by email to liz.cline@tdhca.texas.gov. ALL COMMENTS MUST BE RECEIVED BY 5:00 p.m., Austin local (Central) time November 21, 2025.

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

10 TAC Chapter 12, Multifamily Housing Revenue Bond Rule

§12.1. General.
§12.2. Definitions.
§12.3. Bond Rating and Investment Letter.
§12.4. Pre-Application Process and Evaluation.
§12.5. Pre-Application Threshold Requirements.
§12.6. Pre-Application Scoring Criteria.
§12.7. Full Application Process.
§12.8. Refunding Application Process
§12.9. Occupancy Requirements.
§12.10. Fees.

Attachment 2 Preamble, including required analysis, for proposed new 10 TAC Chapter 12, Multifamily Housing Revenue Bond Rules

The Texas Department of Housing and Community Affairs (the Department) proposes new 10 TAC Chapter 12, Multifamily Housing Revenue Bond Rules (Bond Rule). The purpose of the proposed new section is to provide compliance with Tex. Gov't Code §2306.67022 and to reflect relatively minor policy revisions, and ensure that it is reflective of changes made in the Department's Qualified Allocation Plan where applicable.

Tex. Gov't Code §2001.0045(b) does not apply to the rule proposed for action pursuant to item (9), which excepts rule changes necessary to implement legislation. The proposed rule provides compliance with Tex. Gov't Code §2306.359, which requires the Department to provide for specific scoring criteria and underwriting considerations for its multifamily private activity bond activities.

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, Executive Director, has determined that, for the first five years the proposed new rule would be in effect:

1. The proposed rule does not create or eliminate a government program, but relates to the readoption of this rule which makes changes to an existing activity, the issuance of Private Activity Bonds (PAB) by the Department.

2. The proposed 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 proposed rule changes do not require additional future legislative appropriations.

4. The proposed rule changes will not result in an increase in fees paid to the Department, but may, under certain circumstances, result in a decrease in fees paid to the Department regarding Tax-Exempt Bond Developments.

5. The proposed rule is not creating a new regulation, except that it is replacing a rule being repealed simultaneously to provide for revisions.

6. The proposed rule will not limit, expand or repeal an existing regulation but merely revises a rule.

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

8. The proposed 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 proposed 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 §2306.359. Although these rules mostly pertain to the filing of a bond pre-application, some stakeholders have

reported that their average cost of filing a full Application is between $50,000 and $60,000, which may vary depending on the specific type of Application, location of the Development Site, and other non-state of Texas funding sources utilized. The proposed rules do not, on average, result in an increased cost of filing an application as compared to the existing program rules.

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

2. This rule relates to the procedures in place for entities applying for multifamily PAB. Only those small or micro-businesses that participate in this program are subject to this rule. There are approximately 100 to 150 businesses, which could possibly be considered small or micro-businesses, subject to the proposed rule for which the economic impact of the rule would be a fee of approximately $11,000 which includes the filing fees associated with submitting a bond pre-application.

The Department bases this estimate on the potential number of Applicants and their related parties who may submit applications to TDHCA for PABs (and accompanying housing tax credits). There could be additional costs associated with pre-applications depending on whether the small or micro-businesses outsource how the application materials are compiled. The fee for submitting an Application for PAB layered with LIHTC is based on $30 per unit, and all Applicants are required to propose constructing, at a minimum, 16 Units.

These Application Fee costs are not inclusive of external costs required by the basic business necessities underlying any real estate transaction, from placing earnest money on land, conducting an Environmental Site Assessment, conducting a market study, potentially retaining counsel, hiring an architect and an engineer to construct basic site designs and elevations, and paying any other related, third-party fees for securing the necessary financing to construct multifamily housing. Nor does this estimate include fees from the Department for Applications that successfully attain an award.

There are approximately 1,300 rural communities potentially subject to the proposed rule for which the economic impact of the rule is projected to be $0. 10 TAC Chapter 12 places no financial burdens on rural communities, as the costs associated with submitting an Application are born entirely by private parties. In an average year the volume of applications for PAB that are located in rural areas is not more than 20% of all PAB applications received. In those cases, a rural community securing a PAB Development will experience an economic benefit, including by not limited to the potential increased property tax revenue from a large multifamily Development if the Development is not seeking an exemption of such property tax revenue.

3. The Department has determined that because there are rural PAB awardees, this program helps promote construction activities and long term tax base in rural areas of Texas. Aside from the fees and costs associated with submitting an Application, there is a probable positive economic effect on small or micro-businesses or rural communities that receive PAB awards and successfully use those awards to construct multifamily housing, although the specific impact is not able to be quantified in advance.

c. TAKINGS IMPACT ASSESSMENT REQUIRED BY TEX. GOV'T CODE §2007.043. The proposed rule does not contemplate or authorize a takings 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 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 proposed rule may provide a possible positive economic effect on local employment in association with this rule since PAB Developments, layered with housing tax credits, often involve a total input of, typically at a minimum, $5 million in capital, but often an input of $10 million - $30 million. Such a capital investment has concrete direct, indirect, and induced effects on the local and regional economies and local employment. However, because the exact location of where program funds or developments are directed is not determined in rule, and is driven by real estate demand, there is no way to determine during rulemaking where the positive effects may occur. Furthermore, while the Department believes that any and all impacts are positive, that impact is not able to be quantified for any given community until PABs and LIHTCs are actually awarded to a proposed Development, given the unique characteristics of each proposed multifamily Development and region in which it is being developed.

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 significant construction activity is associated with any PAB Development layered with LIHTCs and each apartment community significantly increases the property value of the land being developed, there are no probable negative effects of the new rule on particular geographic regions and positive effects may ensue in those communities where developers receive PAB awards.

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 will be an updated and more germane rule for administering the issuances of PABs by the Department and corresponding allocation of housing tax credits. There is no change to the economic cost to any individuals required to comply with the new section because the same processes described by the rule have already been in place through the rule found at this section being repealed. The average cost of filing a pre-application and application remain unchanged based on these rules changes. The proposed rules do not, on average, result in an increased cost of filing an application as compared to the existing program rules.

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 new section does not have any foreseeable implications related to costs or revenues of the state or local governments because the same processes described by the rule have already been in place through the rule found at this section being repealed.

REQUEST FOR PUBLIC COMMENT AND INFORMATION RELATED TO COST BENEFIT OR EFFECT. The Department requests comments on the rule and also requests information related to the cost, benefit, or effect of the proposed rule, including any applicable data, research or analysis from any person

required to comply with the proposed rule or any other interest person. The public comment period will be held October 24, 2025, to November 21, 2025, to receive stakeholder comment on the new proposed section. Written comments may be submitted to the Texas Department of Housing and Community Affairs, Attn: Liz Cline, Bond Rule Public Comment, P.O. Box 13941, Austin, Texas 78711-3941, or by fax to (512) 475-3963, attn: Liz Cline, Bond Rule Public Comments, or by email to liz.cline@tdhca.texas.gov. ALL COMMENTS AND INFORMATION MUST BE RECEIVED BY 5:00 p.m., Austin local (Central) time November 21, 2025.

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

2026~~5~~ Multifamily Housing Revenue Bond Rules

§12.1. General.

(a) Authority. The rules in this chapter apply to the issuance of multifamily housing revenue bonds, notes, or other evidences of indebtedness (Bonds) by the Texas Department of Housing and Community Affairs (Department). The Department is authorized to issue Bonds, including Qualified 501(c)(3) Bonds and Taxable Bonds, pursuant to Tex. Gov't Code, Chapter 2306. Notwithstanding anything in this chapter to the contrary, Bonds which are issued to finance the Development of multifamily rental housing are subject to the applicable requirements of the laws of the State of Texas, including but not limited to Tex. Gov't Code, Chapters 1372 and 2306, and federal law pursuant to the requirements of Internal Revenue Code (Code), §§141 through 150, as applicable.~~142.~~

(b) General. The purpose of this chapter is to state the Department's requirements for issuing Bonds, the procedures for applying for Bonds and the regulatory and land use restrictions imposed upon Bond financed Developments. The provisions contained in this chapter are separate from the rules relating to the Department's administration of the Housing Tax Credit program. Applicants seeking a Housing Tax Credit Allocation should consult Chapter 11 of this title (relating to the Housing Tax Credit Program Qualified Allocation Plan) for the current program year. In general, the Applicant will be required to satisfy the eligibility and threshold requirements of the Qualified Allocation Plan (QAP) in effect at the time the Certificate of Reservation is issued by the Texas Bond Review Board (TBRB). If the applicable QAP contradicts rules set forth in this chapter, the applicable QAP will take precedence over the rules in this chapter except in an instance of a conflicting statutory requirement, which shall always take precedence. To the extent applicable to each specific Bond issuance, the Department's conduit multifamily Bond transactions will be processed in accordance with 34 TAC Part 9, Chapter 181, Subchapter A (relating to Bond Review Board Rules) and Tex. Gov't Code, Chapter 1372.

(c) Costs of Issuance. The Applicant shall be responsible for payment of all costs related to the preparation and submission of the pre-application and Application, including but not limited to, costs associated with the publication and posting of required public notices and all costs and expenses associated with the issuance of the Bonds, regardless of whether the Application is ultimately approved or whether Bonds are ultimately issued. At any point during the process, the Applicant is solely responsible for determining whether to proceed with the Application and the Department disclaims any and all responsibility and liability in this regard.

~~(d) Taxable Bonds. The Department may issue taxable Bonds and the requirements associated with such Bonds, including occupancy requirements, shall be determined by the Department on a case by case basis. Taxable bonds will not be eligible for an allocation of tax credits.~~

(d~~e~~) Waivers and Appeals. Requests for any permitted waivers of program rules must be made in accordance with §11.207 of this title (relating to Waiver of Rules). The process for appeals and grounds for appeals may be found under §1.7 of this title (relating to Appeals Process).

§12.2. Definitions.

The following words and terms, when used in this chapter, shall have the following meanings, unless the context clearly indicates otherwise. Any capitalized terms not specifically mentioned in this section shall have the meaning as defined in Tex. Gov't Code, Chapter 2306, §§141 through ~~, 142, and 145~~150 of the ~~Internal Revenue~~ Code, Chapter 10 of this title (relating to Uniform Multifamily Rules), and Chapter 11 of this title (relating to Housing Tax Credit Program Qualified Allocation Plan).

(1) Bond Trustee--A financial institution, usually a trust company or the trust department in a commercial bank, that holds collateral for the benefit of the holders of municipal securities. The Bond Trustee's obligations and responsibilities are set forth in the Indenture.

(2) Institutional Buyer--Shall have the meaning prescribed under 17 CFR §230.501(a), but excluding any natural person or any director or executive officer of the Department (17 CFR §230.501(a)(4) - (6)), or as defined by 17 CFR §230.144(a), promulgated under the Securities Act of 1933, as amended.

(3) Persons with Special Needs--Shall have the meaning prescribed under Tex. Gov't Code §2306.511.

(4) Qualified 501(c)(3) Bonds--Any Bonds described by Section 145 of the Code to provide residential rental property.

§12.3. Bond Rating and Investment Letter.

(a) Bond Ratings. All publicly offered Bonds issued by the Department to finance Developments shall have a debt rating the equivalent of at least an "A" rating assigned to long-term obligations by Standard & Poor's Ratings Services, or Moody's Investors Service, Inc. If such rating is based upon credit enhancement provided by an institution other than the Applicant or Development Owner, the form and substance of such credit enhancement shall be subject to approval by the Department's Board (Board), evidenced by a resolution authorizing the issuance of the credit enhanced Bonds.

(b) Investment Letters. Bonds rated less than "A" or Bonds which are unrated must be placed with one or more Institutional Buyers and must be accompanied by an investor letter acceptable to the Department. Subsequent purchasers of such Bonds must also be qualified as Institutional Buyers and must execute and deliver to the Department an investor letter in a form satisfactory to the Department. Bonds rated less than "A" and Bonds which are unrated shall be issued in physical form, in minimum denominations of one hundred thousand dollars ($100,000), and must carry a legend requiring any purchasers of the Bonds to be Institutional Buyers and sign and deliver to the Department an investor letter in a form acceptable to the Department.

§12.4. Pre-Application Process and Evaluation.

(a) Pre-Inducement Questionnaire. Prior to the filing of a pre-application, including an application for Qualified 501(c)(3) Bonds, the Applicant shall submit the Pre-Inducement Questionnaire, in the form prescribed by the Department, so the Department can have a preliminary understanding of the proposed Development plan before a pre-application and corresponding fees are submitted. After reviewing the pre-inducement questionnaire, Department staff will follow-up with the Applicant to discuss the next steps in the process and may schedule a pre-inducement conference call ~~or meeting~~. Prior to the submission of a pre-application, it is essential that the Department and Applicant communicate regarding the Department's objectives and policies in the development of affordable housing throughout the State using Bond financing. The acceptance of the questionnaire by the Department does not constitute a pre-application or Application and does not bind the Department to any formal action regarding an inducement resolution.

(b) Neighborhood Risk Factors. If the Development Site has any of the characteristics described in §11.101(a)(3)(D) of this title (relating to Neighborhood Risk Factors), the Applicant must disclose the presence of such characteristics to the Department. Disclosure may be done at time of pre-application and handled in connection with the inducement or it can be addressed at the time of Application submission. The Applicant understands that any determination made by staff or the Board at the time of bond inducement regarding Site eligibility based on the documentation presented, is preliminary in nature. Should additional information related to any of the Neighborhood Risk Factors become available while the Tax-Exempt Bond Development Application is under review, or the information by which the original determination was made changes in a way that could affect eligibility, then such information will be re-evaluated and presented to the Board.

(c) Pre-Application Process. An Applicant who intends to pursue Bond financing from the Department, including Qualified 501(c)(3) Bonds, shall submit a pre-application by the corresponding pre-application submission deadline, as set forth by the Department. The required pre-application fee as described in §12.10 of this chapter (relating to Fees) or §12.11 of this chapter (relating to Qualified 501(c)(3) Bonds), as applicable, must be submitted with the pre-application in order for the pre-application to be considered accepted by the Department. Department review at the time of the pre-application is limited and not all issues of eligibility, fulfillment of threshold requirements in connection with the full Application, and documentation submission requirements pursuant to Chapter 11 of this title (relating to Housing Tax Credit Program Qualified Allocation Plan) are reviewed. The Department is not responsible for notifying an Applicant of potential areas of ineligibility or other deficiencies at the time of pre-application. If the Development meets the criteria as described in §12.5 of this chapter (relating to Pre-Application Threshold Requirements), the pre-application will be scored and ranked according to the applicable selection criteria as described in §12.6 of this chapter (relating to Pre-Application Scoring Criteria), recognizing that pre-applications for Qualified 501(c)(3) Bond financing will be scored and ranked separately from bond pre-applications associated with Housing Tax Credits. The selection criteria, as further described in §12.6 of this chapter, reflects a structure that gives priority consideration to specific criteria

as outlined in Tex. Gov't Code, §2306.359, as well as other important criteria. To the extent applicable, ~~S~~should two or more pre-applications receive the same score, the Department will utilize the tie breaker factors in this paragraph, which will be considered in the order they are presented herein, to determine which pre-application will receive preference in consideration of a Certificate of Reservation:

(1) To the pre-application that was on the waiting list with the TBRB but did not have an active Certificate of Reservation at the time of the TBRB lottery and achieved the maximum number of points under §12.6(12) of this chapter; and

(2) To the pre-application with the highest number of positive points achieved under §12.6(9) of this chapter.

(d) Inducement Resolution. After the pre-applications have been scored and ranked, the pre-application will be presented to the ~~Department's~~ Board for consideration of an inducement resolution declaring the Department's initial intent to issue Bonds with respect to the Development. Approval of the inducement resolution does not guarantee final Board approval of the Bond Application. Department staff may recommend that the Board not approve an inducement resolution for a pre-application. Notwithstanding the foregoing, Department staff may, but is not required to, recommend that an inducement resolution be approved despite the presence of neighborhood risk factors, undesirable site features, or requirements that may necessitate a waiver, that have not fully been evaluated by staff at pre-application. The Applicant recognizes the risk involved in moving forward should this be the case and the Department assumes no responsibility or liability in that regard. Each Development is unique, and therefore, making the final determination to issue Bonds is often dependent on the issues presented at the time the full Application is considered by the Board.

§12.5. Pre-Application Threshold Requirements.

The threshold requirements of a pre-application include the criteria listed in paragraphs (1) - (7~~8~~) of this section. As the Department reviews the pre-application the assumptions as reflected in Chapter 11, Subchapter D of this title (relating to Underwriting and Loan Policy) will be utilized, as applicable, even if not reflected by the Applicant in the pre-application. The threshold requirements of a pre-application include:

(1) Submission of the Multifamily Bond Pre-application ~~required tabs of the Uniform Application~~ as prescribed by the Department in the Multifamily Bond Pre-Application Procedures Manual;

~~(2) Submission of the completed Bond Pre-Application Supplement in the form prescribed by the Department;~~

(2~~3~~) Completed Bond Review Board Residential Rental Attachment for the current program year; provided this paragraph shall not be required for Qualified 501(c)(3) Bonds;

(34) Site Control, evidenced by the documentation required under §11.204(10) of this title (relating to Required Documentation for Application Submission). The Site Control must be valid through the date of both the Board meeting at which the inducement resolution is considered and, if applicable, subsequent submission of the application to the TBRB. For Lottery applications, Site Control must meet the requirements of 34 TAC §190.3(b)(13) (relating to Filing Requirements for Applications for Reservation);

(45) Boundary survey or plat clearly identifying the location and boundaries of the subject Property;

(56) Organizational Chart showing the structure of the Development Owner and of any Developer and Guarantor, providing the names and ownership percentages of all Persons having an ownership interest in the Development Owner, Developer and Guarantor, as applicable, and completed List of Organizations form, as provided in the pre-application. The List of Organizations form must include all Persons identified on the organizational charts, and further identify which of those Persons listed exercise Control of the Development;

(67) Evidence of Entity Registration or Reservation with the Texas Office of the Secretary of State; and

(78) A certification, as provided in the pre-application, that the Applicant met the requirements and deadlines for public notifications as identified in §11.203 of this title (relating to Public Notifications (§2306.6705(9)). In general, notifications should not be older than three months prior to the date of Application submission. In addition, should the jurisdiction of the official holding any position or role described in §11.203 of this title change between the submission of a pre-application and the submission of an Application in a manner that results in the Development being within a new jurisdiction, Applicants are required to notify the new entity no later than the Full Application Delivery Date.

§12.6. Pre-Application Scoring Criteria.

This section identifies the scoring criteria used in evaluating and ranking pre-applications, including pre-applications requesting Qualified 501(c)(3) Bonds to the extent applicable. Any scoring items that require supplemental information to substantiate points must be submitted in the pre-application, as further outlined in the Multifamily Bond Pre-Application Procedures Manual. Applicants proposing multiple sites will be required to submit a separate pre-application for each Development Site, unless staff determines that one pre-application is more appropriate based on the specifics of the transaction. Each individual pre-application will be scored on its own merits and the final score will be determined based on an average of all of the individual scores. Ongoing requirements, as selected in the pre-application, will be reflected in the Bond Regulatory and Land Use Restriction Agreement and must be maintained throughout the State Restrictive Period, unless otherwise stated or required in such Agreement.

(1) Income and Rent Levels of the Tenants. Pre-applications may qualify for up to ten (10 points) for this item.

(A) Priority 1 designation includes one of clauses (i) - (iii) of this subparagraph. (10 points)

(i) set aside 50% of Units rent capped at 50% AMGI and the remaining 50% of Units rent capped at 60% AMGI; or

(ii) set aside 15% of Units rent capped at 30% AMGI and the remaining 85% of Units rent capped at 60% AMGI; or

(iii) set aside 100% of Units rent capped at 60% AMGI for Developments located in a census tract with a median income that is higher than the median income of the county, MSA, or PMSA in which the census tract is located.

(B) Priority 2 designation requires the set aside of at least 80% of the Units rent capped at 60% AMGI (7 points).

(C) Priority 3 designation. Includes any qualified residential rental development. Market rate Units can be included under this priority (5 points).

(2) Cost of Development per Square Foot. (1 point) For this item, costs shall be defined as the Building Cost as represented in the Development Cost Schedule, as originally provided in the pre-application. This calculation does not include indirect construction costs or site work. Pre-applications that do not exceed $160~~150~~ per square foot of Net Rentable Area will receive one (1) point. Rehabilitation Developments will automatically receive this point.

(3) Unit Sizes. (6 points) The Development must meet the minimum requirements identified in this subparagraph to qualify for points. Points for this item will be automatically granted for Applications involving Rehabilitation (excluding Reconstruction).

(A) Five-hundred (500) square feet for an Efficiency Unit;

(B) Six-hundred (600) square feet for a one Bedroom Unit;

(C) Eight-hundred-fifty (850) square feet for a two Bedroom Unit;

(D) One-thousand-fifty (1,050) square feet for a three Bedroom Unit; and

(E) One-thousand, two-hundred-fifty (1,250) square feet for a four Bedroom Unit.

(4) Extended Affordability. A pre-application may qualify for up to three (3) points under this item.

(A) Development Owners that agree to extend the State Restrictive Period for a Development to a total of 40 years (3 points).

(B) Development Owners that agree to extend the State Restrictive Period for a Development to a total of 35 years (2 points).

(5) Unit and Development Construction Features. A pre-application may qualify for nine (9) points, as certified in the pre-application, for providing specific amenity and quality features in every Unit at no extra charge to the tenant. The amenities and corresponding point structure is provided in §11.101(b)(6)(B) of this title (relating to Unit, Development Construction, and Energy and Water Efficiency Features), which includes a minimum number of points that must come from Energy and Water Efficiency Features. Applications involving scattered site Developments must have a specific amenity located within each Unit to count for points. Rehabilitation Developments will start with a base score of (5 points).

(6) Common Amenities. All Developments must provide at least the minimum threshold of points for common amenities based on the total number of Units in the Development as provided in subparagraphs (A) - (F) of this paragraph. An Applicant may choose to exceed the minimum number of points necessary based on Development size; however, the maximum number of points under this item which a Development may be awarded ~~under this section~~ shall not exceed 22 points. The common amenities include those listed in §11.101(b)(5) of this title and must meet the requirements as stated therein. The Owner may change, from time to time, the amenities offered; however, the overall points as selected at Application must remain the same.

(A) Developments with 16 to 40 Units must qualify for (2 points);

(B) Developments with 41 to 76 Units must qualify for (4 points);

(C) Developments with 77 to 99 Units must qualify for (7 points);

(D) Developments with 100 to 149 Units must qualify for (10 points);

(E) Developments with 150 to 199 Units must qualify for (14 points); or

(F) Developments with 200 or more Units must qualify for (18 points).

(7) Resident Supportive Services. A pre-application may qualify for up to ten (10) points for this item. By electing points, the Applicant certifies that the Development will provide supportive services, which are listed in §11.101(b)(7) of this title, appropriate for the residents and that there will be adequate space for the intended services. The Owner may change, from time to time, the services offered; however, the overall points as selected at pre-application must remain the same. Should the QAP in subsequent years provide different services than those listed in §11.101(b)(7)(A) - (E) of this title, the Development Owner may be allowed to select services as listed therein upon written consent from the Department and any services selected must be of similar value to the service it is intending to replace. The Development Owner will be required to substantiate such service(s) at the

time of compliance monitoring, if requested by staff. The services provided should be those that will directly benefit the Target Population of the Development and be accessible to all. No fees may be charged to the residents for any of the services. Unless otherwise specified, services must be provided on-site or transportation to those off-site services identified on the list must be provided. The same service may not be used for more than one scoring item. These services are intended to be provided by a qualified and reputable provider in the specified industry such that the experience and background of the provider demonstrates sufficient knowledge to be providing the service. In general, on-site leasing staff or property maintenance staff would not be considered a qualified provider. Where applicable, the services must be documented by a written agreement with the provider. Unless otherwise noted in a particular clause, courses and services must be offered by an onsite instructor(s).

(A) The Development Owner shall provide resident services sufficient to substantiate ten (10) points; or

(B) The Development Owner shall provide resident services sufficient to substantiate eight (8) points.

(8) Underserved Area. An Application may qualify to receive up to four (4) points if the Development Site meets the criteria described in §11.9(c)(6)(A) - (E) of this title. The pre-application must include evidence that the Development Site meets this requirement. Regardless of the varying point options listed under §11.9(c)(6) of this title, the number of points attributed to this scoring item shall be four (4) points.

(9) Development Support/Opposition. (Maximum +24 to -24 points) Each letter will receive a maximum of +3 to -3 points and ~~must~~shall be received 10 business days prior to the Board's consideration of the pre-application. Letters must clearly state support or opposition to the specific Development. State Representatives or Senators as well as local elected officials must be in office when the pre-application is submitted and represent the district containing the proposed Development Site. Letters of support from State or local elected officials that do not represent the district containing the proposed Development Site will not qualify for points. Neutral letters that do not specifically refer to the Development or do not explicitly state support will receive (zero points). A letter that does not directly express support but expresses it indirectly by inference (i.e., "the local jurisdiction supports the Development and I support the local jurisdiction") counts as a neutral letter except in the case of State elected officials. A letter from a State elected official that does not directly indicate support by the official, but expresses support on behalf of the official's constituents or community (i.e., "My constituents support the Development and I am relaying their support") counts as a support letter. A resolution specifically expressing support that is adopted by the applicable Governing Body will count as support under this scoring item for a maximum of 3 points.

(A) State Senator and State Representative of the districts whose boundaries include the proposed Development Site;

(B) Mayor of the municipality (if the Development is within a municipality or its extraterritorial jurisdiction);

(C) Elected member of the Governing Body of the municipality (if the Development is within a municipality or its extraterritorial jurisdiction) who represents the district in which the Development Site is located;

(D) Presiding officer of the Governing Body of the county in which the Development Site is located;

(E) Elected member of the Governing Body of the county who represents the district in which the Development Site is located;

(F) Superintendent of the school district in which the Development Site is located; and

(G) Presiding officer of the board of trustees of the school district in which the Development Site is located.

(10) Preservation Initiative. (2 points) Preservation Developments, including Rehabilitation proposals on Properties which are nearing expiration of an existing affordability requirement within the next two years or for which there has been a rent restriction requirement in the past 10 years may qualify for points under this item. Evidence must be submitted in the pre-application.

(11) Declared Disaster Areas. (7 points) A pre-application may receive points if the Development Site is located in an area declared a disaster area under Tex. Gov't Code §418.014 at the time of submission, or at any time within the two-year period preceding the date of submission.

(12) Waiting List. (5 points) A pre-application that is on the Department's waiting list with the TBRB and does not have an active Certificate of Reservation at the time of the Private Activity Bond Lottery may receive points under this item if participating in the Lottery for the upcoming program year. These points will be added by staff once all of the scores for Lottery applications have been finalized. A pre-application for Qualified 501(c)(3) Bonds is not eligible for these points.

(A) For pre-applications that participated in the prior year Private Activity Bond Lottery (5 points); or

(B) For pre-applications that had an Inducement Resolution adoption date of November of the prior calendar year through March of the current calendar year (3 points); or

(C) For pre-applications that had an Inducement Resolution adoption date of April through July of the current calendar year (1 point).

~~(13) Tax Exempt Bond 50% Test. (5 points) A pre-application may receive points under this item based on the amount of the Development financed with Tax-Exempt Bond proceeds relative to the amount necessary to meet the 50% Test. The 50% Test is calculated by dividing the Tax-Exempt Bond proceeds by the aggregate basis of the Development and shall be based on such amounts as reflected in the pre-application once~~

~~staff's review is complete and all Administrative Deficiencies have been resolved. Normal rounding shall apply. Should there be changes to this federal requirement, the percentage ranges noted below shall be modified accordingly by the same range. Moreover, should the Private Activity Bond ceiling be subject to the restrictions under Tex. Gov't Code Section 1372.037(b), the amount of bond proceeds to be utilized at closing will be capped at the percentage as stated therein and not based on the points claimed under this scoring item.~~

~~(A) The pre-application reflects a 50% Test amount that is greater than or equal to 55.0% and less than 60% (5 points); or~~

~~(B) The pre-application reflects a 50% Test amount that is greater than or equal to 60% and less than or equal to 64% (3 points).~~

(13~~14~~) Assisting Households with Children. (42(m)(1)(C)(vii)) A pre-application may receive one point under this item if at least 15% of the Units in the Development contain three or more bedrooms. The specific number of three or more bedrooms may change from pre-application to full Application, but the minimum percentage must still be met. Applications proposing Rehabilitation (excluding Reconstruction) and Elderly Developments will automatically receive this point.

(14) Sponsor Contribution. This scoring item is only applicable to pre-applications requesting an issuance of Qualified 501(c)(3) Bonds. A pre-application may qualify for up to ten (10) points for this item based on the amount of sponsor contribution as reflected in the pre-application. The contribution shall be in the form of cash or land contribution or other contribution acceptable to the Department. A contribution in the form of deferred developer fee will not qualify for points.

(A) A contribution of at least 10% will qualify for 10 points; or

(B) A contribution of at least 5% will qualify for 7 points.

§12.7. Full Application Process.

(a) Application Submission. Once the inducement resolution has been approved by the Board, an Applicant who elects to proceed with submitting a full Application to the Department must submit the complete tax credit Application pursuant to §11.201 of this title (relating to Procedural Requirements for Application Submission). While a Certificate of Reservation is required under §11.201 of this title prior to submission of the complete tax credit Application, staff may allow the Application to be submitted prior to the issuance of a Certificate of Reservation depending on circumstances associated with the Development Site, structure of the transaction, volume cap environment, or other factors in the Department's sole discretion. An Applicant who intends to pursue Qualified 501(c)(3) Bond financing shall submit a full Application that complies with §12.11 of this chapter at least 90 days prior to the date by which consideration by the Board for the issuance of the bonds would occur.

(b) Eligibility Criteria. The Department will evaluate the Application for eligibility and threshold at the time of full Application pursuant to this Chapter and Chapter 11 of this title (relating to Housing Tax Credit Program Qualified Allocation Plan), as applicable. If there are changes to the Application at any point prior to closing that have an adverse effect on the score and ranking order and that would have resulted in the pre-application being placed below another pre-application in the ranking, the Department may terminate the Application and withdraw the Certificate of Reservation from the Bond Review Board (with the exception of changes to deferred developer's fees and support or opposition points). The Development and the Applicant must satisfy the applicable requirements set forth in Chapter 11 of this title in addition to Tex. Gov't Code, Chapter 1372, the ~~applicable~~ requirements of Tex. Gov't Code Chapter 2306, and the Code. The Applicant will also be required to select a Bond Trustee from the Department's approved list as published on its website.

(c) Bond Documents. Once the Application has been submitted and the Applicant has deposited funds to pay initial costs, the Department's bond counsel shall draft Bond documents.

(d) Public Hearings. The Department will hold a public hearing to receive comments pertaining to the Development and the issuance of the Bonds. A representative of the Applicant or member of the Development Team must be present at the public hearing and will be responsible for conducting a brief presentation on the proposed Development and providing handouts at the hearing that should include at minimum, a description of the Development, maximum rents and income restrictions. If the proposed Development is Rehabilitation, the presentation should include the proposed scope of work that is planned for the Development. The handouts must be submitted to the Department for review at least two days prior to the public hearing. Publication of all notices required for the public hearing shall be at the sole expense of the Applicant, as well as any facility rental fees or required deposits, if applicable.

(e) Approval of the Bonds. Subject to the timely receipt and approval of commitments for financing, an acceptable evaluation for eligibility, financial feasibility, the satisfactory negotiation of Bond documents, and the completion of a public hearing, the Board will consider the approval of the final Bond resolution relating to the issuance, substantially final Bond documents and in the instance of privately placed Bonds, the pricing, terms and interest rate of the Bonds, or the formula thereof that is used to determine such factors. For Applications that include local funding, Department staff may choose to delay Board consideration of the Bond issuance until such time it has been confirmed that the amount or terms associated with such local funding will not change and remain consistent with what was represented in the Department's underwriting analysis.

(f) Local Permits. Prior to closing on the Bond financing, all necessary approvals, including building permits from local municipalities, counties, or other jurisdictions with authority over the Development Site must have been obtained or evidence that the permits are obtainable subject only to payment of certain fees. In instances where such permits will be not received prior to bond closing, the Department may, on a limited and case-by-case basis allow for the closing to occur, subject to receipt of confirmation, acceptable to the Department, by the lender and/or equity investor that they are comfortable proceeding with closing.

§12.8. Refunding Application Process.

(a) Application Submission. Owners who wish to refund or modify tax-exempt bonds, including Qualified 501(c)(3) Bonds, that were previously issued by the Department must submit to the Department a summary of the proposed refunding plan or modifications. To the extent such modifications constitute a re-issuance under state law the Applicant shall then be required to submit a refunding Application in the form prescribed by the Department pursuant to the Bond Refunding Application Procedures Manual.

(b) Bond Documents. Once the Department has received the refunding Application and the Applicant has deposited funds to pay initial costs, the Department's bond counsel will draft the necessary Bond documents.

(c) Public Hearings. Depending on the proposed modifications to existing Bond covenants a public hearing may be required. Such hearing must take place prior to obtaining Board approval and must meet the requirements pursuant to §12.7(d) of this chapter (relating to Full Application Process) regarding the presence of a member of the Development Team and providing a summary of proposed Development changes.

(d) Rule Applicability. Refunding Applications must meet the applicable requirements pursuant to Chapter 11 of this title (relating to Housing Tax Credit Program Qualified Allocation Plan). At the time of the original award the Application would have been subject to eligibility and threshold requirements under the QAP in effect the year the Application was awarded. Therefore, it is anticipated the Refunding Application would not be subject to the site and development requirements and restrictions pursuant to §11.101 of this title (relating to Site and Development Requirements and Restrictions). The circumstances surrounding a refunding Application are unique to each Development; therefore, upon evaluation of the refunding Application, the Department is authorized to utilize its discretion in the applicability of the Department's rules as it deems appropriate.

§12.9. Occupancy Requirements.

(a) Filing and Term of Regulatory Agreement. A Bond Regulatory and Land Use Restriction Agreement will be filed in the property records of the county in which the Development is located for each Development financed from the proceeds of Bonds issued by the Department, including Qualified 501(c)(3) Bonds. Such Regulatory and Land Use Restriction Agreement shall include provisions relating to the Qualified Project Period, if applicable, and the State Restrictive Period, along with points claimed for other provisions that will be required to be monitored throughout the State Restrictive Period, and shall also include provisions relating to Persons with Special Needs. The minimum term of the Regulatory Agreement will be based on the criteria as described in paragraphs (1) - (3) of this subsection, as applicable:

(1) 30 years, or such longer period as elected under §12.6(4) of this chapter (relating to Pre-Application Scoring Criteria), from the date the Development Owner takes legal possession of the Development;

(2) The end of the remaining term of the existing federal government assistance pursuant to Tex. Gov't Code, §2306.185; or

(3) The period required by the Code.

(b) Federal Set Aside Requirements.

(1) Developments which are financed from the proceeds of Private Activity Bonds, excluding Qualified 501(c)(3) Bonds, must be restricted under one of the two minimum set-asides as described in subparagraphs (A) and (B) of this paragraph. Regardless of an election that may be made under Section 42 of the Code relating to income averaging, a Development will be required under the Bond Regulatory and Land Use Restriction Agreement to meet one of the two minimum set-asides described in subparagraphs (A) and (B) of this paragraph. Any proposed market rate Units shall be limited to 140% of the area median income and be considered restricted units under the Bond Regulatory and Land Use Restriction Agreement for purposes of using Bond proceeds to construct such Units.

(A) At least 20% of the Units within the Development shall be occupied or held vacant and available for occupancy at all times by persons or families whose income does not exceed 50% of the area median income; or

(B) At least 40% of the Units within the Development shall be occupied or held vacant and available for occupancy at all times by persons or families whose income does not exceed 60% of the area median income.

(2) The Development Owner must, at the time of Application, indicate which of the two federal set-asides will apply to the Development and must also designate the selected priority for the Development in accordance with Tex. Gov't Code, §1372.0321. Units intended to satisfy set-aside requirements must be distributed equally throughout the Development, and must include a reasonably proportionate amount of each type of Unit available in the Development.

(3) No tenant qualifying under either of the minimum federal set-asides shall be denied continued occupancy of a Unit in the Development because, after commencement of such occupancy, such tenant's income increases to exceed the qualifying limit. However, should a tenant's income, as of the most recent determination thereof, exceed 140% of the applicable federal set-aside income limit and such tenant constitutes a portion of the set-aside requirement of this section, then such tenant shall only continue to qualify for so long as no Unit of comparable or smaller size is rented to a tenant that does not qualify as a Low-Income Tenant.

§12.10. Fees.

(a) The fees noted in subparagraphs (b) through (g) of this paragraph will be required as part of a Bond issuance by the Department, excluding Qualified 501(c)(3) Bond issuances.

(b) Pre-Application Fees. The Applicant is required to submit, at the time of pre-application, a pre-application fee of $1,000, along with the fees noted on the Schedule of Fees posted on the Department's website specific to the Department's bond counsel and the Texas Bond Review Board (TBRB) pursuant to Tex. Gov't Code, §1372.006(a)). These fees cover the costs of pre-application review by the Department and its bond counsel and filing fees associated with application submission for the Certificate of Reservation to the TBRB.

(c~~b~~) Application Fees. At the time of Application the Applicant is required to submit a tax credit application fee of $30 per Unit based on the total number of Units and a bond application fee of $20 per Unit based on the total number of Units., ~~unless otherwise modified by a specific program NOFA.~~ Such fees cover the costs associated with Application review and the Department's expenses in connection with providing financing for a Development. For Developments proposed to be structured as a portfolio the bond application fees may be reduced by the Executive Director to reflect the Department's projected costs. ~~on a case by case basis at the discretion of Department staff.~~

(d~~c~~) Closing Fees. The origination~~closing~~ fee for Bonds, other than refunding Bonds, is equal to 50 basis points of the issued principal amount of the Bonds, unless otherwise modified by the Executive Director. The Applicant will also be required to pay at closing of the Bonds the first two years of the administration fee equal to 20 basis points of the issued principal amount of the Bonds, with the first year prorated based on the actual closing date, and a Bond compliance fee equal to $25/Unit (excludes market rate Units as defined in the Regulatory Agreement). Such compliance fee shall be applied to the third year following closing.

(e~~d~~) Application and Issuance Fees for Refunding Applications. For refunding an Application the application fee will be $10,000 unless the refunding is not required to have a public hearing, in which case the fee will be $5,000. The closing fee for refunding Bonds is equal to 25 basis points of the issued principal amount of the refunding Bonds. If applicable, administration and compliance fees due at closing may be prorated based on the current billing period of such fees. If additional volume cap is being requested other fees may be required as further described in the Bond Refunding Applications Procedures Manual. Transactions previously issued that involved a financing structure that would constitute a re-issuance under state law, but do not fit under §12.8 of this chapter (relating to Refunding Application Process), will be required to pay a closing fee that shall not exceed 25 basis points of the re-issued principal amount of the bonds which may be reduced in the sole determination of the Department as commensurate with the review by staff in obtaining Board approval at the time of conversion.

(f~~e~~) Ongoing Administration Fee. The annual administration fee is equal to 10 basis points of the outstanding bond amount at the inception of each payment period and is paid as long as the Bonds are outstanding., ~~unless otherwise modified by a specific program NOFA.~~

(g~~f~~) Ongoing Bond Compliance Fee. The Bond compliance monitoring fee is equal to $25/Unit (excludes market rate Units as defined in the Regulatory Agreement), and is paid for the duration of the State Restrictive Period under the Regulatory Agreement, regardless of whether the Bonds have been paid off and are no longer outstanding. For Developments for which (1) the Department's Bonds are no longer outstanding and (2) new bonds or notes have been issued and delivered by the Department, the bond compliance monitoring fee may be reduced on a case by case basis at the discretion of Department staff.

§12.11 Qualified 501(c)(3) Bonds

(a) General. The Department may issue Qualified 501(c)(3) Bonds under §145 of the Code to provide residential rental property. Such Bonds are not eligible for an allocation of Housing Tax Credits.

(b) Rule Applicability. Qualified 501(c)(3) Bond Developments shall meet the applicable requirements of Chapter 1 of this title (relating to Administration), Chapter 2 (relating to Enforcement), Chapter 10 (relating to Uniform Multifamily Rules), Chapter 11 Subchapter B of this title (except for §11.101(b)(3) (relating to Rehabilitation Costs), Chapter 11 Subchapter C of this title, and this Chapter (except for §12.9(b) (relating to Federal Set-Asides) and §12.10 (relating to Fees)).

(c) Maximum Amount to be Issued. The annual amount of Qualified 501(c)(3) Bonds to be issued shall be in accordance with Tex. Gov't Code §2306.358(b) pursuant to a Memorandum of Understanding with the Bond Review Board and further subject to §2306.358(a) whereby not more than 25% of the total annual issuance amount specified in the Memorandum of Understanding will be used for projects in any one metropolitan area and at least 15% of the total annual issuance amount specified in the Memorandum of Understanding is reserved for projects in rural areas, as both metropolitan and rural area is defined in the Memorandum of Understanding.

(d) Borrower Eligibility. A borrower must be an organization exempt from federal income tax by virtue of being described in §501(c)(3) of the Code. In addition to having a "determination letter" issued by the Internal Revenue Service confirming the borrower's Section 501(c)(3) status, an "unqualified" legal opinion from a practitioner experienced in tax-exempt organizations must be delivered in connection with a financing. The ownership of the multifamily Development financed with proceeds from Qualified 501(c)(3) Bonds must further the organization's exempt purposes, which shall include providing affordable housing pursuant to standards promulgated by the Internal Revenue Service and the Safe Harbor for Relieving the Poor and Distressed under Revenue Procedure 96-32. The borrower or its nonprofit parent organization shall have at least five years in operation with demonstrated experience in affordable housing development and management and/or ownership of other similar projects. The Borrower must maintain its Section 501(c)(3) status while the bonds are outstanding. Borrower must be registered with the Texas Secretary of State throughout the term of the Regulatory Agreement.

(e) Minimum Set-Asides and Rent and Income Requirements (§2306.358). The federal Safe Harbor for Relieving the Poor and Distressed requires that at least 75% of the units must be at or below 80% of Area Median Gross Income. The state law requirements, as identified in

subparagraphs (1) and (2) below, may alternatively be elected for a Development, regardless of whether New Construction or Rehabilitation. Units intended to satisfy set-aside requirements must be distributed proportionally throughout the Development.

(1) At least 60% of the units serve individuals and families at 80% of the Area Median Gross Income and below (§2306.358(c)(2)); AND

(A) At least 20% of the Units are both rent restricted and occupied by individuals whose income is 50% or less of the Area Median Gross Income, adjusted for family size; OR

(B) At least 40% of the Units are both rent restricted and occupied by individuals whose income is 60% or less of the Area Median Gross Income, adjusted for family size; AND

(2) 100% of the Units must be occupied by individuals whose income does not exceed 140% of the Area Median Gross Income such that all tenants are eligible tenants.

(f) Mandatory Development Amenities (§2306.187). The Development must include those amenities identified under §11.101(b)(4) of this title (relating to Mandatory Development Amenities).

(g) Accessibility Requirements. Developments shall be subject to 10 TAC §11.101(b)(8) (relating to Development Accessibility Requirements) with the exception of (b)(8)(B) as it relates to visitability requirements, in which case Rehabilitation (excluding Reconstruction) Developments shall be exempt. Regarding applicability of 10 TAC §11.101(b)(8)(D) relating to substantial alteration, Rehabilitation (excluding Reconstruction) Developments shall not be required to achieve unit distribution of the 5% of the Units that must be mobility accessible or the 2% of the Units that must be accessible for the hearing and visually impaired, unless such distribution is required by another source in the transaction or other use agreement restricting the Development.

(h) Minimum Rehabilitation Costs. In the case of Rehabilitation Developments, a Scope and Cost Report or Capital Needs Assessment must be submitted. Any health and safety findings identified must be corrected as part of the acquisition and rehabilitation following closing, and a timeline of the repairs must be included in the Application. For deferred maintenance indicated in such report as needing to be remedied within the first three years, the Department will require an adequate reserve account to be funded at closing. Alternatively, the Department may rely on reserve amounts required by the senior lender.

(i) Underwriting Standards (§2306.358(c)). In addition to meeting the requirements of §§141 through 150 of the Code, the borrower must demonstrate to the Department that the Development is carefully and conservatively underwritten to ensure that the project is well run, well maintained, ~~and~~ financially viable, and will minimize the risk of the Borrower's default. Developments financed by Qualified 501(c)(3) Bonds shall generally be underwritten pursuant to §11.302 of the QAP, except that for Developments that do not have any other Department funding or an ongoing Department use agreement, in recognition of differences

in financing structures, the Executive Director or authorized designee may approve minor deviations where consistent with prudent industry standards or senior lender requirements, provided they do not jeopardize the financial viability of the Development, are determined by Real Estate Analysis to be necessary to maintain financial feasibility, and if such deviation is requested as part of the application process.

(j) Fees. The fees noted in ~~sub~~paragraphs (1) - (5) of this subsection~~paragraph~~ will be required as part of a Qualified 501(c)(3) Bond issuance by the Department.

(1) Pre-Application/Inducement Fee. A pre-application fee of $1,000 shall be submitted, payable to the Department and an Inducement Fee as noted on the Schedule of Fees posted on the Department's website specific to the Department's bond counsel. These fees cover the costs of pre-application review by the Department and its bond counsel. For Developments proposed to be structured as a portfolio, either or both fees may be reduced on a case-by-case basis at the discretion of the Executive Director.

(2) Application Fee. An application fee of $20 per Unit based on the total number of Units must be submitted, with an allowable 10% discount off the calculated Application fee. For Developments proposed to be structured as a portfolio, the bond Application fee may be reduced by the Executive Director to reflect the Department's projected costs.

(3) Closing Fees. The origination fee shall be equal to 25 basis points of the issued principal amount of the Bonds, unless otherwise modified by the Executive Director. The Applicant will also be required to pay at closing of the Bonds the first two years of the administration fee equal to 20 basis points of the issued principal amount of the Bonds, with the first year prorated based on the actual closing date, and a Bond compliance fee equal to $25 per ~~/~~Unit (excluding~~es~~ market rate Units as defined in the Regulatory Agreement). Such compliance fee shall be applied to the third year following closing.

(4) Ongoing Administration Fee. The annual administration fee is equal to 10 basis points of the outstanding bond amount at the inception of each payment period and is paid as long as the bonds are outstanding.

(5) Ongoing Bond Compliance Fee. The compliance monitoring fee is equal to $25 per ~~/~~Unit (excluding~~es~~ market rate Units as defined in the Regulatory Agreement) and is paid for the duration of the State Restrictive Period under the Regulatory Agreement, regardless of whether the Bonds have been paid off and are no longer outstanding. For Developments for which (1) the Department's Bonds are no longer outstanding and (2) new bonds or notes have been issued and delivered by the Department, the bond compliance monitoring fee may be reduced on a case-by-case basis at the discretion of Department staff.

(6) Professional Fees. The Department engages outside firms to provide professional services with respect to its multifamily bond program. These firms include bond counsel, financial advisor and disclosure counsel. Applicants are encouraged to review the Department's Schedule of Fees on its website for more details regarding these fees.

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1165 **Agenda Date:** 10/9/2025 **Agenda #:** 24.

Presentation, discussion, and possible action on an order proposing new 10 Texas Administrative Code Chapter 10, Uniform Multifamily Rules, Subchapter J, Housing Finance Corporation Compliance Monitoring and directing its 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 proposed new rule is responsive to the passage of HB 21 (89th Reg. Session), which granted the Texas Department of Housing and Community Affairs (the Department) compliance monitoring oversight of all Housing Finance Corporation developments;

WHEREAS, HB 21 requires the Department to adopt rules necessary to implement §394.9026 and 394.9027 of Chapter 394 Local Government Code; and

WHEREAS, such new proposed rulemaking will be published in the *Texas Register* for public comment and 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 new rule of 10 TAC Subchapter J, Housing Finance Corporation Compliance Monitoring, 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 the preparation of the subchapter specific preambles.

BACKGROUND

The Texas Department of Housing and Community Affairs (the Department) through legislative action in HB 21 (89th Reg. Session) has been tasked with the compliance monitoring oversight of all Housing Finance Corporation (HFC) multifamily residential developments. The bill requires the Department to adopt rules related to the new compliance monitoring function by January 1, 2026. The law amends Texas Local Government Code Chapter 394 to apply to all HFC-owned multifamily residential developments that do not have low-income housing tax credits under Subchapter DD, Chapter 2306, Government Code, the Low-Income Housing Tax Credit program.

The law requires HFC multifamily residential developments to submit an audit report to the Department. The first audit reports for the HFC developments subject to the new law are required to be submitted to the

Department by June 1, 2026. Subsequent reports are due to the Department no later than June 1 of each year.

Additionally, on September 10, 2025, Department staff met with a group of interested parties and stakeholders on the proposed HFC rule to review, discuss and receive feedback on the proposed rule prior to the rule being presented to the TDHCA Board.

Upon Board approval, the new rulemaking will be published in the *Texas Register* and released for public comment from October 24, 2025, through November 24, 2025. Staff will return to the Board for final adoption of the rules.

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Attachment A: Preamble for proposed new 10 TAC Subchapter J §10.1201 Housing Finance Corporation Compliance Monitoring

The Texas Department of Housing and Community Affairs (the Department) proposes new 10 TAC Subchapter J, Housing Finance Corporation Compliance Monitoring, §§10.1201 through 10.1207. The purpose of the proposed new rule, in compliance with Tex. Gov't Code §2306.053, is to implement the requirements of HB 21 (89th Regular Legislature), which tasks the Department with the compliance monitoring oversight of all Housing Finance Corporation (HFC) multifamily residential developments. The bill requires the Department to adopt rules related to the new compliance monitoring function by January 1, 2026. The new rule provides guidance on auditing and reporting requirements for Housing Finance Corporation (HFC) multifamily residential developments that are required to be audited no later than June 1, 2026, and the results reviewed and published by the Department.

FISCAL NOTE. Mr. Bobby Wilkinson, Executive Director, has determined that, for each year of the first five years the rule is in effect, enforcing or administering the amendment does not have any foreseeable implications related to costs or revenues of the state or local governments.

GOVERNMENT GROWTH IMPACT STATEMENT. Mr. Wilkinson also has determined that, for the first five years the rule would be in effect:

1. The proposed new rule does not create or eliminate a government program, but clearly outlines the audit report and monitoring requirements for Responsible Parties of Housing Finance Corporation and their Sponsors.

2. The proposed new rule will change the number of employees of the Department. The enactment of HB 21 included an appropriation for one full time employee for fiscal year 2026 to perform the work associated with implementation of HB 21 and this rule.

3. The proposed new rule will require additional future legislative appropriations. The proposed rule is in effect because the Texas Legislature in its 89th Regular Session passed House Bill 21. The Department was appropriated an additional $228,228 per year of the biennium from General Revenue funds to implement the provisions of the legislation and received one new FTE. It is expected that the appropriation would continue in subsequent biennia to continue implementing the provisions.

4. The proposed new rule will increase fees paid to the Department. Each HFC multifamily residential development must submit an annual service fee in the amount of $20 per restricted unit and the minimum fee shall not be less than $500.

5. The proposed new rule is creating a new regulation in order to implement the requirements of HB 21.

6. The proposed new rule will not limit or repeal an existing regulation but can be considered to "expand" the existing regulations on this activity because the proposed new rule is necessary to ensure compliance with HB 21 and for the Department to establish rules.

7. The proposed new rule will not increase or decrease the number of individuals subject to the rule's applicability; and

8. The proposed new rule will neither positively nor negatively affect this state's economy.

PUBLIC BENEFIT/COST NOTE. Mr. Wilkinson also has determined that, for each year of the first five years the rule is in effect, the public benefit anticipated as a result of the new rule will be the provision of a new procedure of monitoring Housing Finance Corporations multifamily residential developments that are generally exempt from ad valorem taxation. There will be economic cost to individuals required to comply with the new rule because a fee will be collected by the Department to perform compliance monitoring on Housing Finance Corporations multifamily residential developments. In addition, HFCs will be required to hire third party auditors to complete the annual audits.

ADVERSE IMPACT ON SMALL OR MICRO-BUSINESSES OR RURAL COMMUNITIES. The Department has determined that there will be no economic effect on small or micro-businesses or rural communities because the rules apply only to Housing Finance Corporation multifamily residential developments.

REQUEST FOR PUBLIC COMMENT AND INFORMATION RELATED TO COST, BENEFIT OR EFFECT. The Department requests comments on the rule and also requests information related to the cost, benefit, or effect of the proposed rule, including any applicable data, research, or analysis from any person required to comply with the proposed rule or any other interested person. The public comment period will be held October 24, 2025, to November 24, 2025, to receive input on the newly proposed action. Written comments may be submitted to the Texas Department of Housing and Community Affairs, Attn: Wendy Quackenbush, Rule Comments, P.O. Box 13941, Austin, Texas 78711-3941, or email wendy.quackenbush@tdhca.texas.gov. ALL COMMENTS AND INFORMATION MUST BE RECEIVED BY 5:00 pm Austin local time, November 24, 2025.

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

Housing Finance Corporations (HFC) Compliance Monitoring and Reporting
10 TAC Rule
Subchapter J

§10.1201 Purpose and Applicability

The purpose of this Subchapter is to:

(1) Establish rules governing Developments owned or sponsored by a Housing Finance Corporation (HFC) that are subject to Sections 394.9026 and 394.9027 of the Texas Local Government Code.

(2) Enable the Department to communicate with Responsible Parties and persons with an interest in the Development, regarding the results of the Audit Report.

(3) Establish qualifications for Auditors and reporting standards and formats.

(4) Implement compliance requirements, tenant protections, and affirmative marketing requirements, as required by Sections 394.9026 and 394.9027 of the Texas Local Government Code.

(5) This rule is not applicable to a Development that is a recipient of Federal Low Income Housing Tax Credits. For purposes of this rule, a recipient of Federal Low Income Housing Tax Credits is any development or HFC User that has received a commitment notice, or determination notice for an allocation of Federal Low Income Housing Tax Credits from the Department. For the construction period the property will be considered to be a recipient of Housing Tax Credits, unless more than five years have passed since the commitment notice or determination notice was issued without entering into the Land Use Restriction Agreement. After the construction period, the Development must have an executed Land Use Restriction Agreement (LURA) with the Department. The Development is considered to be a recipient of Federal Low Income Housing Tax Credits for the term of the LURA between the Department and the Development.

§10.1202 Definitions

The capitalized terms or phrases used herein are defined in this title. Any other capitalized terms in the subchapter shall have the meaning defined in Chapter 2306 of the Texas Government Code, Chapter 394, Texas Local Government Code, and other state or Department rules, as applicable. Defined terms, when not capitalized, are to be read in context and construed according to common usage.

(1) Audit Report--A report required by Section 394.9027 of Texas Local Government Code completed by an Auditor or compliance expert, in a manner and format prescribed by the Department.

(2) Auditor--An individual who is an independent auditor, a business entity that primarily performs audits and/or a compliance expert with an established history of providing similar audits on housing compliance matters, meeting the criteria established herein.

(3) Board--The governing board of the Texas Department of Housing and Community Affairs.

(4) Chief Appraiser--The chief appraiser of the appraisal district in which a Development is located.

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

(6) Housing Choice Voucher Program--The housing choice voucher program under Section 8, United States Housing Act of 1937 (42 U.S.C. Section 1437(f).

(7) Housing Finance Corporation (HFC)--a public, nonprofit corporation created under Chapter 394, of the Texas Local Government Code. This includes an instrumentality created by the HFC.

(8) Housing Finance Corporation User or HFC User--A Housing Finance Corporation; or for a Multifamily Residential Development that is not owned directly by a Housing Finance Corporation, a public-private partnership entity or a developer or other person or entity that has an ownership interest or a leasehold or other possessory interest in a Multifamily Residential Development financed or supported by a Housing Finance Corporation.

(9) HUD--The United States Department of Housing and Urban Development.

(10) Lower Income Housing Unit--a residential unit reserved for occupancy by an individual or family earning not more than 60 percent of the area median income, adjusted for family size.

(11) Maximum Market Rent--with respect to a particular Restricted unit, the average annual Rent charged for all non-income-restricted units in the development having the same or substantially similar floor plan as the Restricted unit.

(12) Middle Income Housing Unit--a residential unit reserved for occupancy by an individual or family earning not more than 100 percent of the area median income, adjusted for family size.

(13) Moderate Income Housing Unit--a residential unit reserved for occupancy by an individual or family earning not more than 80 percent of the area median income, adjusted for family size.

(14) Multifamily Residential Development--(also called Development) any residential development owned by a Housing Finance Corporation consisting of four or more residential units intended for occupancy as rentals, regardless of whether the units are attached or detached.

(15) Regulatory Agreement--A Land Use Restriction Agreement (LURA), Ground Lease, Deed Restriction, or any similar restrictive instrument that is recorded in the real property records of the county in which the Development is located.

(16) Rent--any recurring fee or charge a tenant is required to pay as a condition of occupancy, including a fee or charge for the use of a common area or facility reasonably associated with the

residential rental property. The term does not include fees and charges for services or amenities that are optional for a tenant, such as pet fees and fees for storage or covered parking.

(17) Rent Reduction--The projected difference between the Rent charged for a Restricted Unit and the Maximum Market Rent that could be charged for that same unit without the income restrictions.

(18) Responsible Parties--The Housing Finance Corporation that owns or is associated with the Development, the Housing Finance Corporation User of the Development, the Texas Comptroller, and/or the governing body of the Sponsor.

(19) Restricted Unit--A residential unit in a Multifamily Residential Development that is reserved for or occupied by a household meeting certain income limitations established in the Regulatory Agreement, in accordance with §394.9026(c)(1) of Texas Local Government Code, with Rent for such unit restricted as set forth in these rules. Restricted Units may float in a Development and need not be permanently fixed.

(20) Sponsor--a municipality, county or collection of municipalities and counties that causes a corporation to be created to act in accordance with Chapter 394, of the Texas Local Government Code.

(21) Tax Year--Is a calendar year. For the purposes of all provisions within the rule, the terms "Tax Year" and "Calendar Year" shall have the same meaning and shall be interchangeable.

(22) Unit Type--Means the type of unit determined by the number of bedrooms.

§10.1203 Reporting Requirements

The following reporting requirements apply to all Housing Finance Corporation (HFC) Multifamily Residential Developments claiming an ad valorem tax exemption under Section 394.905 of the Texas Local Government Code and to which §§394.9026 and 394.9027 of Texas Local Government Code apply, regardless of when approved or acquired.

(1) All Multifamily Residential Developments owned by an HFC as defined by this subchapter must submit an Audit Report as described in this paragraph.

(A) No later than June 1 of each year, with approved extensions as described in subparagraph (B) of this paragraph HFC Users must submit to the Department an Audit Report from an Auditor, obtained at the expense of the HFC User. The Audit Report determines whether the Multifamily Residential Development is in compliance with Sections 394.9026 and 394.9027 of the Texas Local Government Code.

(B) Audit Report extension requests must be submitted to hfc@tdhca.texas.gov no later than May 1 of each reporting year. The request for an extension must include an explanation of the reason and the requested submission date, not to exceed 120 days from the June 1 reporting deadline. Within seven calendar days of receiving the request, the Department will respond to

the request and determine if good cause exists prior to issuing a determination of approval or denial for an extension.

(C) No later than when the first Audit Report submission is due, the HFC User must provide their auditor with a copy of the underwriting assessment as published on the HFC website and as conducted pursuant to §394.905(b)(3) of Texas Local Government Code; a copy of the resolution or order required by §394.031(d) and §394.037(a-1)(2) if applicable; and a copy of the board meeting minutes, public hearing transcript or adopted resolution, or other document evidencing approval of the Development. The auditor will include these with the first Audit Report. Additionally, a copy of the Regulatory Agreement and a copy of the one-time exemption application submitted to the Texas Comptroller's office shall be included in the first Audit Report. These items being submitted are the responsibility of the HFC User; if the Auditor indicates in their Audit Report that the HFC User has not provided the documents required in this subparagraph, a compliance finding will be issued.

(D) The first Audit Report for a Development must be submitted no later than June 1 of the Tax Year following:

(i) The date of acquisition by the HFC for an occupied Development; or

(ii) The date a newly constructed Development first becomes occupied by one or more tenants.

(2) A Multifamily Residential Development is not entitled to an ad valorem tax exemption for any Tax Year in which the HFC User has not timely submitted the full Audit Report by the deadline, with approved extensions as required by §394.9027 of the Texas Local Government Code.

(3) All Audit Reports must comply with subparagraphs (A) to (C) of this paragraph:

(A) be for at least the full prior reporting year ending December 31 and include a rent roll for the same period.

(B) include contact information for all Responsible Parties.

(C) be completed and submitted in the Department prescribed manner.

(4) The HFC User must submit an annual service fee to the Department by June 1 of each year of the greater of $20 per Restricted unit or $500. This fee shall be tendered by check, money order, or via an online payment system (if provided by the Department), payable to the Texas Department of Housing and Community Affairs. This fee, when received in connection with an Audit Report, is earned and is not subject to refund.

(5) No later than 60 days after the receipt of the Audit Report, the Department will post a summary of the Audit Report on its website including a detailed description of any noncompliance with this rule found by the Auditor. A copy of the summary notice will also be provided to the Development and all Responsible Parties.

(6) If noncompliance is identified by the Auditor in the Audit Report, no later than 120 days after receipt of the Audit Report by the Department, the Department will issue a monitoring report notice and make it available on the website. A copy of the monitoring report will also be provided to the Development and all Responsible Parties.

(A) The monitoring report will include a detailed description of any noncompliance and at least one option for corrective action to resolve the noncompliance. The HFC User will be given 180 days from the issuance of the monitoring report notice to correct the noncompliance. At the end of the 180 days, the Department will post a final report on its website.

(B) If there is any noncompliance with Section 394.9026 that is not corrected within the 180-day corrective action period, the Department will notify the Responsible Parties, appropriate appraisal district, and the Texas Comptroller in writing and recommend a loss of ad valorem tax exemption under Section 394.905 Texas Local Government Code.

(7) The qualification of the Auditor must be submitted with each Audit Report. Qualifications must include experience auditing housing compliance, a current Certified Occupancy Specialist (COS) certification or an equivalent certification, and resume. The Auditor may not be affiliated with or related to any Responsible Parties. Additionally, a current or previous Management Agent that has or had oversight of the Development or is/was responsible for reviewing and approving tenant files does not qualify as an Auditor under these rules. HFC Users may not engage the same individual as Auditor for a particular Development for more than three consecutive years. After the third consecutive Audit Report by the same Auditor, the HFC User must engage a new Auditor for the submission of at least two annual Audit Reports before re-engaging with a prior Auditor.

(8) Audit Reports and supporting documentation and required forms must be submitted though the Departments File Serve System. To obtain access to this system the HFC User or Auditor must request access by emailing hfc@tdhca.texas.gov.

§10.1204 Audit Requirements

HFC Developments must comply with the Audit Report requirements identified in this section:

(1) If the HFC Development was acquired prior to May 28, 2025, the Development must comply with all requirements by January 1, 2026, with the exception of subparagraphs (3)(B), (3)(C), (3)(J), (3)(K) and (3)(L) of this section, which must be met no later than the end of the 10th Tax Year following May 28, 2025, or the end of the first Tax Year following a Tax Year in which the Development was refinanced, fee or leasehold title was conveyed or a sale or transfer of ownership in the HFC Development or HFC User occurred. For purposes of this rule, refinancing of construction loans, whether by virtue of conversion from Construction phase to permanent phase or replacement of construction financing with permanent financing, will not be considered a refinancing.

(2) The Auditor must use the Department's HFC monitoring forms made available on the website. The review performed by the Auditor may be completed either onsite or electronically. Original records must be made available to the Auditor. The file sample used by the Auditor must contain at least 20% of the total number of Restricted Units for the Development, but no more than a total of fifty (50) household files. The selection of Restricted Units should include at least 75% of households that are newly moved in to the Development, but also include at least 10% of households that have recertified, or if 10% of households have not recertified, then units that have recertified. For Developments that are leasing up and not yet fully occupied the percentages reflected in this paragraph should be applied to all occupied units.

(3) The Auditor will ensure Development meets the following requirements and will identify any deficiencies in the Audit Report:

(A) The HFC User will provide the auditor with documentation that the Auditor will submit with the Audit that:

(i) confirms that the Multifamily Residential Development is within its jurisdictional boundaries pursuant to §394.031 of the Texas Local Government Code.

(ii) submit supporting documentation that a Multifamily Residential Development that is acquired outside of the Sponsor's jurisdiction has been approved in accordance with §394.031(d) of Texas Local Government Code. For a development not located within the jurisdictional boundaries, that was acquired on or before September 1, 2025, this requirement does not apply until January 1, 2027, after which this documentation must be submitted.

(B) The Restricted units in the Development have the same unit finishes and equipment and access to community amenities and programs as residential units that are not income restricted. Minor variations in floorplans, colors, and design are acceptable deviations and will not be noted as noncompliance; significant variations in floor plans and square footage will be considered noncompliance.

(C) The percentage of Restricted Units in each Unit Type and each category of income restriction in the Development must be the same or greater percentage as the percentage of each Unit Type of units that are reserved in the Development as a whole.

(D) Occupants of Restricted Units are required to recertify the income of the household using a Department-approved Income Certification form at lease renewal. If a household exceeds the income limit at annual income recertification, the Available Unit Rule as outlined in Section 42(g)(2)(D) of the Internal Revenue Code will be implemented Development-wide.

(E) The Development must affirmatively market available Restricted Units and non-Restricted Units to households participating in the Housing Choice Voucher program and notify local housing authorities of their acceptance of voucher program tenants. Evidence of this must be provided to include, but not be limited to, notifications to the local housing authority, advertising

that may be posted at the local housing authority properties, or mailings that were sent to local housing authority households.

(F) The internet website for the Development must include information about the Development and its compliance with Section 394.9026(c)(7), Texas Local Government Code, along with its policies on the acceptance of Housing Choice Voucher holders.

(G) HFC Developments cannot refuse to rent to an individual or family solely because the individual or family participates in a Housing Choice Voucher program.

(H) HFC Developments cannot require a minimum income standard for individuals or families participating in a Housing Choice Voucher program that exceeds two hundred and fifty percent (250%) of the tenant portion of rent.

(I) The Auditor will review the Development's form of tenant lease, lease addendums and leasing policies to ensure the Development meets the following requirements and will report any deficiencies found in the Audit Report. Each residential lease agreement for a Restricted Unit must provide the following:

(i) The landlord may not retaliate against the tenant or the tenant's guests by taking action because the tenant established, attempted to establish, or participated in a tenant organization;

(ii) The landlord may only choose to not renew the lease if the tenant: committed one or more substantial violations of the lease; failed to provide required information on the income, composition, or eligibility of the tenant's household; or committed repeated minor violations of the lease that disrupt the livability of the Development, adversely affect the health and safety of any person or the right to quiet enjoyment of the leased premises and related Development facilities, interfere with the management of the Development, or have an adverse financial effect on the Development, including the failure of the tenant to pay rent in a timely manner.

(iii) To non-renew a lease, the landlord must serve a written notice of proposed nonrenewal on the tenant no later than the 30th day before the effective date of nonrenewal.

(iv) Tenants may not waive these protections in a lease or lease addendum.

(J) Income Restrictions. A Development seeking an ad valorem tax exemption must meet the requirements of either clause (i) or (ii) of this subparagraph.

(i) at least 10% of the residential units are reserved as Lower Income Housing Units and at least 40% of the residential units are reserved as Moderate-Income Housing Units or;

(ii) at least 10% of the residential units are reserved as Very Low-Income Housing Units and at least 40% of the residential units are reserved as Middle Income Housing Units.

(K) Rent Restrictions:

(i) Monthly Rent for Restricted Units may not exceed thirty percent (30%) of the imputed household income limitation for the unit, adjusted for family size, as determined by HUD. HFC Users may apply to the Development an imputed family size of either one person per bedroom plus one person, or one and one half persons per bedroom. The Auditor shall indicate in the Audit Report which imputed family size was applied to the Development.

(ii) Notwithstanding the foregoing, if a Restricted Unit is occupied by a household with a Housing Choice Voucher, and the payment standard for that voucher is less than the monthly Rent for the Restricted Unit established pursuant to clause (i) of this subparagraph, the household may be required to pay the difference between the payment standard and the monthly Rent.

(L) Rent Reduction Comparison:

(i) Identify the difference between the Rent charged for each Restricted unit and the estimated Maximum Market Rent that could be charged for such units if they were not restricted. For Developments that do not have market rate units the Auditor and/or the HFC User must provide evidence of reasonably comparable Maximum Market Rents, which may be based on market studies, leasing surveys, Fair Market Rents as published by HUD, or other methods acceptable to the Department.

(ii) Include the following public benefit test:

(I) The cumulative Rent Reduction for all Restricted Units at the Development in the preceding Tax Year must not be less than 50% of the amount of the estimated ad valorem taxes that would have been imposed on the Development in the same Tax Year if the Development did not receive the exemption.

(-a-) For a Development acquired by an HFC the first Audit Report that will include the rent reduction test is for the first Tax Year after the acquisition Tax Year. Example 1204(1): Development acquired by an HFC on July 24, 2025. The acquisition tax year would be 2025, and the second tax year after acquisition would be 2026, so the first Audit Report would be due on June 1, 2026. The first rent reduction test would be for Tax Year 2026 on Audit Report submitted June 1, 2027.

(-b-) For newly constructed Developments the first Audit Report that will include the rent reduction test for the first Tax Year after the Tax Year in which construction first begins. Example 1204(2): An HFC Development begins new construction on February 1, 2026. The first tenant occupies the Development on September 15, 2027. The first Audit Report is due on June 1, 2028, and must include the rent reduction test for reporting year 2027.

(II) The Rent Reduction calculation for each Restricted unit must be the difference between the Maximum Market Rent for the same Unit Type and the lease Rent on the rent roll for the Rent for the Restricted Unit. If a Restricted Unit is occupied by a household with a Housing Choice Voucher, only the tenant-paid portion of the Rent shall be considered in the Rent Reduction

calculation. In calculating the averages requested for Maximum Market Rent and Rent Reduction, for any month that a unit is vacant, the deemed Rent for the unit for that month will be:

(-a-) for a Restricted Unit the maximum permitted Rent for such unit under the Regulatory Agreement, and

(-b-) for any market rate unit the maximum rent charged for that Unit Type in the months that were vacant.

(III) If the Rent Reduction calculation demonstrates that the Rent Reduction was less than 50% of the amount of the estimated ad valorem taxes that would have been imposed on the Development for the Tax Year, the HFC User must pay each taxing authority the pro rata share of the Rent Reduction shortfall based on the published millage rates of each taxing authority. The Rent Reduction shortfall is an amount equal to 50% of the estimated ad valorem tax amount minus the total Rent Reduction for the Tax Year. The Auditor must provide copies of any payments made by the HFC User to the appropriate taxing authority in the Audit Report.

(IV) In estimating the ad valorem taxes that would have been imposed, the Auditor may use, but is not limited to, the following:

(-a-) For occupied Developments acquired by an HFC, estimated ad valorem taxes should generally be based on the actual taxes applicable prior to the acquisition by the HFC with a stated escalation factor.

(-b-) For new construction, estimated ad valorem taxes may be based on an independent appraisal, third-party property tax report, published appraisal district value, or other means acceptable to the Department.

(4) A Development acquired by an HFC after May 28, 2025, must comply with all requirements in this Subchapter no later than the end of the tax year following the year of acquisition.

(5) The Auditor must maintain monitoring records and papers for each Audit Report for three years and must provide the Department and/or the Chief Appraiser a copy of their monitoring records upon request.

10.1205 Income and Rent Calculations

(1) Annual Income for a household occupying a Restricted Unit shall be determined consistent with the Section 8 Program administered by the U.S. Department of Housing and Urban Development (HUD), using the definitions of annual income described in 24 CFR §5.609 as further described in the HUD Handbook 4350.3 as amended from time to time by publication in the Federal Register.

(2) Income and rent limits will be derived from data released by HUD.

(3) The income and rent limits specified in the Regulatory Agreement will be used to determine if a household's income and rent is restricted.

10.1206 Penalties

Noncompliance with Sections 394.9026 and or 394.9027 of the Texas Local Government Code, or this Subchapter, continuing after all available notice and corrective action periods, will result in a Department report to the Texas Comptroller and Chief Appraiser, and recommendation of loss of the ad valorem exemption for the Development for the Tax Year in which the Development that is owned by a HFC is determined by the Department based on an Audit Report to not be in compliance with the requirements of Sections 394.9026 and 394.9027.

10.1207. Options for Review

(1) The HFC User must attempt to address any issues of noncompliance identified in the Audit Report with the Auditor, prior to submission of the Audit Report to the Department.

(2) During the corrective action period, the HFC User may appeal any noncompliance issued as provided for in §1.7 of this Title relating to Appeals. The filing of an appeal does not extend or suspend the 180-day corrective action period, unless the Department authorizes an extension in writing. The HFC User and Auditor, as applicable, must provide all documentation requested by the Department within ten calendar days prior to the meeting.

(3) An HFC User may request alternative dispute resolution in accordance with the Department's rules regarding such resolution set forth at §1.17 of this title (related to Alternative Dispute Resolution).

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1154 **Agenda Date:** 10/9/2025 **Agenda #:** 25.

Presentation, discussion, and possible action regarding awards from the 2025 HOME American Rescue Plan Nonprofit Capacity Building and Operating Notice of Funding Availability (NOFA), as amended

RECOMMENDED ACTION

WHEREAS, the Governing Board approved publication of the 2025 HOME-ARP Nonprofit Capacity Building and Operating (NCO) Notice of Funding Availability (NOFA) on January 16, 2025, which made available $750,000 for nonprofit organizations that will subsequently submit a HOME-ARP non-congregate shelter (NCS) application within nine months of their receiving a NCO award;

WHEREAS, eight applications were received for this NOFA, and staff recommends approval of NCO awards for 25707 San Antonio Metropolitan Ministries (SAMMinistries) and 25706 Denton County Friends of the Family along with reservations of NCS funds pending NCS Application submission and approval;

WHEREAS, the 2024 NCS Invitation to Apply (NCS ITA) which was originally released in 2024 will be amended to allow for the latest NCO Applications to apply, including amending criteria to apply, extending the submission due date, as well as administrative changes as needed to make the 2024 NCS ITA consistent with the requirements of the 2025 NCO NOFA; and

WHEREAS, if additional funding becomes available for NCS both the 2025 NCO NOFA and the 2024 NCS ITA will be amended so that the funding can be offered for additional awards of NCS and NCO;

NOW, therefore, it is hereby

RESOLVED, that the awards of HOME-ARP NCO funds and the reservations of the NCS funds listed in this Board Action Request are hereby approved in the form presented at this meeting, subject to conditions as described this Board Action Request;

FURTHER RESOLVED, that the Board's approval is conditioned upon satisfaction of all conditions and completion of any other reviews required to assure compliance with applicable rules and requirements and in accordance with the timeframe described further herein; and

FURTHER RESOLVED, that the revisions to the NCS ITA as described herein are approved...end

BACKGROUND

TDHCA was allocated $133,474,575 of funds from HUD (after a HUD reallocation and

adjustments to HUD's allocation formula) under Section 3205 of the American Rescue Plan Act, which HUD has called the HOME-ARP Program. The Department programmed these funds into several activities including Non-Congregate Shelter (NCS) Development, Rental Housing Development, Nonprofit Capacity Building and Operating Funds (NCO), and Administration/Planning. NCO funds are for 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 NCS (e.g. new hires, training for new skills, equipment, technical assistance/consultants), and reasonable and necessary general operating costs (e.g., payroll, training, equipment/materials/supplies, operating/overhead) of the nonprofit organization that are not directly assignable to an activity or project.

2024 Non-Congregate Shelter Invitation to Apply (NCS ITA)

The TDHCA HOME-ARP Allocation Plan as amended states that NCS development funds will only be awarded to recipients of the NCO. These funds are tied together to increase the likelihood of successful NCS performance. At the time of receiving the NCO assistance, funds for the NCS activity are also reserved for an applicant. The awardee must then submit a subsequent NCS application. One round of awards for both activities has occurred already -- the first round of funds was non-competitive as provided for in the HOME-ARP Allocation Plan. One award was made in May 2023 that provided NCO and reserved funds for NCS for The Other Ones Foundation. That awardee applied for their NCS application in December 2024. The second round of NCO funds was released competitively, and is the main subject of this Board Action Request. It is important to note that while the process and applications for the NCO and NCS are distinct, the award and consideration of the NCO funds is correlated directly with the amount of funds available for NCS.

The 2024 NCS ITA was released in June 2024 and, as amended, has $64,005,338 available in funding. Applications were accepted starting on July 15, 2024. The only eligible applicants are those which already have NCO funds from the Department. Therefore, TDHCA received one NCS Application for $50,000,000 from The Other Ones Foundation. That application is being recommended for an award as a separate item at this October Board meeting. The remaining $14,005,338 of NCS funds is available and is the amount that could be reserved for the second round of NCO awardees under the 2024 NCS ITA. That amount of funds could possibly increase should The Other Ones Foundation not receive an award in the full amount of their $50 million request.

To make those NCS funds available, revisions are needed to the NCS ITA. Those changes include reducing the size of the shelters that can be awarded from a minimum of 50 units down to a minimum of 25 units; extending the due date to December 31, 2026; and making administrative changes as needed to make the NCS ITA consistent with the requirements of the 2025 NCO NOFA to which applicants applied. In addition, the amount of the 2024 NCS ITA funds available may either increase or decrease.

2025 Nonprofit Capacity Building Operating Notice of Funding Availability

In January 2025, HOME-ARP announced the 2025 Nonprofit Capacity Building and Operating (NCO) Notice of Funding Availability for $750,000. This second release of NCO funds to support

NCS shelter development were targeted in areas that met criteria demonstrating need of an NCS. This need was demonstrated by an increase in housing costs (e.g., fair market rent by county for 1-bedroom units increased by 30% or more between 2021 and 2025) and high cost of housing (e.g., the HUD-published one-bedroom fair market rents by county for FY2025 were in the top 20% of counties in the state at about $902 FMR for a one-bedroom).

The 2025 NCO funds are being competitively awarded to organizations that anticipate submitting an Application for a HOME-ARP Non-Congregate Shelter (NCS) project within nine months of the NCO award. The NCO NOFA was amended in May 2025, with Board approval, to expand the geographic areas of the state in which nonprofits were eligible to apply for NCO funding.

Points in the NCO NOFA included 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, formal collaboration with service partners, monitoring history, site control for the future NCS, and a preference for Bryan, Odessa, and Pasadena. The preference for Bryan, Odessa and Pasadena was because HUD provided TDHCA additional reallocated funds from those areas with an expectation that those areas would receive such a preference.

The NCO NOFA accepted applications through June 6, 2025, with the proviso that if needed a second application period may be used. The Department received eight NCO Applications requesting approximately $5 million in NCO funding.

NCO Award Process/NCS Reservation Process

In each Application for NCO, the Applicant was required to identify how much of the NCS funds they intended to be requesting in the future so that the NCS amounts could be available for those applicants' future applications . Several of the Applications for NCO requested 100% of the NCO funds ($750,000) and less than the full NCS available to be reserved ($14,005,338). Because NCS funds cannot be reserved without an NCO award, staff adjusted the recommended NCO award amounts by making the NCO awards a proportional share based on the proportion of NCS the Applicants requested. For example, if the top scoring NCO application asked to reserve $7 million in NCS, the Applicant had requested 49.9% of the NCS available. Therefore, 49.9% of the NCO was considered for the NCO award.

In the NCO competition, the highest scoring applicant was SAMMinistries. They are recommended to receive 49.98% of the NCO available, and to have $7 million in NCS reserved, pending submission and processing of the NCS Application. The second highest scoring applicant was Denton County Friends of the Family. Their request for NCS was for $8.2 million, however after the award to SAMMinistries, only $7,005,338 would remain. Therefore, staff is adjusting the reservation of NCS for Denton County Friends and Family down to that amount and recommending them for the remaining 50.02% of the NCO. This action will award all of the 2025 NCO funds available ($750k) and reserve the remaining $14.3 million in NCS funds not currently reserved for The Other Ones Foundation.

If The Other Ones Foundation ultimately is awarded an amount that is less than their original request ($50,000,000), the NCS funds may be made available for another Application within the 2024 NCS ITA. First, the Denton County Friends of the Family NCS reservation would be increased up to their original request of $8,200,000 (an increase of approximately 17.1% of their current NCS reservation) and a proportional increase for NCO would be provided if needed (e.g., up to approximately 17.1%). The 2024 NCS ITA would be amended down from $64,005,338 to $63,941,189, and the 2025 NCO NOFA would be amended up from $750,000 to $814,149, in order to make the Denton County Friends of the Family requested NCS reservation available and a proportional share of NCO funds.

Recommended Awards/Reservations

TDHCA HOME-ARP staff is recommending approval of two HOME-ARP NCO Applications, and the associated reservations of NCS HOME-ARP funds.

App. ID	Score	Application Name	Requested HOME-ARP NCO Amount	Recom-mended HOME-ARP NCO Award	Requested Reservation of NCS HOME-ARP	Recommended Reservation of NCS HOME-ARP	City
25707	47	San Antonio Metropolitan Ministries (SAMMinistries)	$750,000	$374,857	$7,000,000	$7,000,000	San Antonio
25706	45	Denton County Friends of the Family	$450,000	$375,143*	$8,200,000*	$7,005,338	Denton

**The NCO award for the Denton County Friends of the Family may increase to $439,292 and NCS HOME-ARP reservation may increase up to $8,200,000 if additional funding is available for more applications in the 2024 NCS ITA.*

SAMMinistries NCO Award and NCS Reservation

San Antonio Metropolitan Ministry, Inc. (SAMMinistries) was created in 1983 to operate an emergency shelter. They had support of the City of San Antonio with leased space and operating funds for the emergency shelter, and community support from local churches. SAMMinistries continued to provide emergency shelter until Haven for Hope, one of the largest emergency shelter providers in San Antonio, opened its campus in 2010. From 2010 to 2021, SAMMinistries focused efforts on longer-term housing programming by providing Homeless Prevention to prevent eviction and maintain housing stability. However, with the Coronavirus lockdowns and additional funding made available, in 2021 SAMMinistries converted a motel to an NCS which it then operated. SAMMinistries' current NCS program started with 45 single resident occupancy rooms and grew to 175 in 2023 with an additional location.

SAMMinistries has strong community engagement. They have participated at city council meetings about homelessness. SAMMinistries has formal partnerships with at least three community service partners including, but not limited to, the City of San Antonio Neighborhood

and Housing Services Department, San Antonio Christian Dental Clinic, and University of Texas Health Science Center at San Antonio School of Nursing. SAMMinistries' revenues are supported through a variety of sources from the Federal Emergency Management Administration, Texas Veterans Commission, Texas Health and Human Services Commission, U.S. Department of Housing and Urban Development, City of San Antonio, Bexar County and others, as well as several individual philanthropic sources.

SAMMinistries applied for $750,000 in NCO and $7,000,000 in NCS for an NCS of 150 units. The HOME-ARP capacity building will be used for increasing staff competence specific to serving HOME-ARP qualified populations (e.g., homeless or at-risk of homelessness), upgrading information technology, an Asset Manager position for their growing portfolio of NCS operations, and community engagement regarding homelessness. The HOME-ARP operating assistance will be used for leadership and administrative staff.

Because the amount of NCS to be reserved ($7 million) is approximately 49.98% of their NCS available ($14 million), approximately 49.98% of their NCO request is recommended for award, which is $374,857. In addition, $7,000,000 will be reserved for SAMMinistries pending NCS Application and processing.

Due to recent audit findings, the following two conditions will be part of the SAMMinistries' NCO Contract:

- Certification of Fiscal Control. Department shall not release any disbursements for any costs incurred by Administrator under this Contract until Department has received certification from Administrator that its fiscal control and fund accounting procedures are adequate to assure the proper disbursal of, and accounting for, funds provided under this Contract in accordance with 2 CFR Part 200, and the Federal Accounting Standards Board. Department shall specify the content and form of such certification.
- Special Conditions. TDHCA is requiring at least a quarterly reconciliation of HOME-ARP funds which may include, but not be limited to, submission of certified time sheets, ledger, copy of the invoice (with date and check number or other receipt verification if available), or equivalent documentation.

Staff recommends approval of the NCO award for $374,857 and an NCS reservation for $7,000,000 for SAMMinistries. The reservation of NCS funds is pending an Application submission within nine (9) months of the NCO award, and pending processing of the Application within one year of the NCS Application for an award.

Denton County Friends of the Family NCO Award and NCS Reservation

Denton County Friends of the Family was founded in 1980 to provide services to those impacted by domestic violence and sexual assault while also providing resources and connections for safety, healing, and prevention. Their emergency shelter grew from 900-square feet with $10,000 in funding, to 4,400 square feet with over $1.8 million in funding. They offer a 24-hour crisis line, 32-bed protective residential shelter, counseling programs, community education, violence intervention and others resources.

Denton County Friends of the Family has strong community support. Their Board has a local government official presence, the Police Chief of Argyle Texas. They have participated in City of Denton City Council meetings on homelessness. Denton County Friend of the Family has formal partnerships with at least three North Central Texas Workforce Board, Denton County Mental Health/Mental Retardation Center, and the United Way of Denton County. Denton County Friends of the Family's revenues are supported by several foundations, including but not limited to Texas Women's Foundation, Texas Bar Foundation, Flow Foundation; a variety of federal and state funds including but not limited to Federal Emergency Management Agency, Office of Juvenile Justice and Delinquency; as well as several individual philanthropic sources.

Denton County Friends of the Family's request for NCO funds was $450,000 and NCS funds was $8.2 million for 55 to 75 NCS beds. Their capacity building approach is to support a project manager, staff training and development, technical assistance with experience on non-congregate shelter planning, and technology and equipment. Their operating assistance will support executive leadership, finance and compliance, support staff, equipment and supplies, and rent, utilities and insurance.

After the highest scoring application reserves their requested NCS, the remaining balance is $7,005,338 in NCS that is available for the Denton County Friends of the Family. Because the amount of NCS to be reserved ($7.05 million) is approximately 50.02% of their NCS available ($14 million), approximately 50.02% of their NCO request is recommended for award, which is $375,143. In addition, $7,005,338 will be reserved for Denton County Friends of the Family pending NCS Application and processing.

Staff recommends approval of the NCO award for $375,143 and an NCS reservation for $7,005,338 for the Denton County Friends of the Family. Staff also recommends that the NCS HOME-ARP reservation for the Denton County Friends of the Family may be increased up to $8,200,000 and the NCO award may be increased to $439,292 if additional funding is available. The reservation of NCS funds is pending an Application submission within nine (9) months of the NCO award, and pending processing of the Application within one year of the NCS Application for an award.

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1180 **Agenda Date:** 10/9/2025 **Agenda #:** 26.

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 Retirement Living for Seniors

RECOMMENDED ACTION

WHEREAS, Retirement Living for Seniors was awarded 9% housing tax credits during the 2022 Competitive Housing Tax Credit cycle;

WHEREAS, the Development Owner executed a Carryover Allocation Agreement that included certifications stating each building receiving an allocation would be placed in service by December 31, 2024;

WHEREAS, the Development Owner has requested an extension to the placement-in-service deadline under 10 TAC §11.6(5), related to Credit Returns Resulting from Force Majeure Events;

WHEREAS, the Department lacks authority to extend federal placement-in-service deadlines and may only reset such deadlines by requiring the credits to be returned and immediately reallocated to the Development, as permitted solely under the force majeure provision of the Qualified Allocation Plan (QAP); and

WHEREAS, the Development Owner has submitted documentation demonstrating that a qualifying force majeure event has occurred;

NOW, therefore, it is hereby

RESOLVED, that the request to treat the matter under the force majeure provisions of 10 TAC §11.6(5) is approved, and that the 2022 Qualified Allocation Plan, Uniform Multifamily Rules, and the 2025 Program Calendar shall be applicable to the Development.

BACKGROUND

Development	Retirement Living for Seniors
Target Population	Elderly
HTC Award	$888,672
City	Stephenville
Total Units	44
HTC Units	39

Initial Year of Award	2022
Extension Requested	Six Months

Retirement Living for Seniors is a 44-unit development located in Stephenville, Erath County. The Development received an award of 9% Housing Tax Credits in 2022 and was approved for force majeure treatment in 2023. As a result, the current deadline to place in service in December 31, 2025.

The Development is under construction and is 51% complete as of July 2025. Construction began in 2024 after the Applicant had already experienced significant delays due to cost increases that necessitated a redesign of the project and an extended HUD required environmental clearance process. The events currently affecting the development are the result of excessive rainfall from March to July of this year, which has hindered the progress of construction. The July 4th flooding also caused the development to lose workers from the site, who were diverted to disaster mitigation efforts in Kerr County and the counties south of Erath County. The owner has requested a six-month extension to June 30, 2026, to complete construction and Place-in-Service to meet all federal, state, and contractual obligations.

APPLICABLE RULE

Under 10 TAC §11.6(5), a Development Owner may return credits and receive a reallocation outside the standard allocation process if the return is the result of a qualifying force majeure event occurring prior to issuance of IRS Form(s) 8609. Pursuant to 10 TAC §11.6(5), the Department's Governing Board may approve execution of a Carryover Allocation Agreement for the current program year with the Development Owner that returned the credits, but only if the following conditions are met:

> (A) The credits were returned as a result of "Force Majeure" events that occurred before issuance of Forms 8609. Force Majeure events are the following sudden and unforeseen circumstances outside the control of the Development Owner: acts of God such as fire, tornado, flooding, significant and unusual rainfall or subfreezing temperatures, or loss of access to necessary water or utilities as a direct result of significant weather events; explosion; vandalism; orders or acts of military authority; unrelated party litigation; changes in law, rules, or regulations; national emergency or insurrection; riot; acts of terrorism; supplier failures; or materials or labor shortages. If a Force Majeure event is also a presidentially declared disaster, the Department may treat the matter under the applicable federal provisions. Force Majeure events must make construction activity impossible or materially impede its progress.

Staff has reviewed this request and determined that excessive rainfall and flooding constitute a force majeure event under the rules.

IMPACT OF BOARD DECISION

If the Board approves the request:

- The credits will be returned and reallocated, with the 2022 Qualified Allocation Plan, Uniform Multifamily Rules, and the 2025 Program Calendar applicable to the Development.

- A new Carryover Allocation Agreement will be executed.
- The new placed-in-service deadline will be June 30, 2026.

If the Board denies the request:

- The current placed-in-service deadline of December 31, 2025, remains in place.
- The Development Owner may either meet the existing deadline, return the credits, or have the award terminated for failing to meet the deadline.
- Returned credits will first be reallocated within the original subregion in accordance with 10 TAC §11.6(2). If no pending applications are eligible within the subregion, the credits will be added to the statewide collapse for reallocation.

This request has no impact on any funding source other than the Low Income Housing Tax Credit program.

RECOMMENDATION

Staff recommends approval of the request to return and reallocate tax credits for Retirement Living for Seniors under the force majeure provisions of 10 TAC §11.6(5).

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August 18, 2025

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

Via Email: Cody.Campbell@tdhca.texas.gov

Re: TDHCA HTC Application #22269 – Retirement Living for Seniors in Stephenville, TX

Mr. Campbell:

We are the consultants for the Development Owner, Retirement Living for Seniors, Ltd. (the "Owner"), who received an allocation of Housing Tax Credits from the Texas Department of Housing and Community Affairs ("TDHCA") for the construction of Retirement Living for Seniors (the "Development") in 2022. The 2022 allocation of tax credits required the Development to place in service by December 31, 2024. It should be noted that this transaction also included MFDL funds in the original Application.

On July 6, 2023, the Owner requested a Force Majeure due to delays in permitting, needing a special clearance for the HUD funds in the transaction that was delayed longer than anticipated, delays in closing the MFDL funds, and shortages in labor and materials that made it difficult to engage in construction activities. The request was approved and the new Placed in Service deadline is December 31, 2025.

In March of 2024, the Owner requested to amend the application by reducing the total number of units from 48 to 44—reducing restricted units from 42 to 39 and reducing market units from 6 to 5. This request was as a result of increases in the construction budget and a drop in equity pricing that created a gap and made the transaction infeasible. The application amendment was approved on May 9, 2024.

Since the transaction included MFDL funds through the National Housing Trust Fund in the amount of $2.5MM, the Developer was working with TDHCA staff to complete the loan documents for the MFDL funds to close the transaction. MFDL loan documents were to be completed in September of 2023. However, there was an issue with the HUD required Environmental Clearance, which must be in place before a transaction can close. The special Environmental Clearance took much longer than anticipated, nine (9) months, and was received in June of 2024.

The MFDL loan document preparation had to be "re-started", and the loan documents were completed and the transaction closed in October 25, 2024. The Notice-To-Proceed had to be issued before construction could start and it was issued on November 15, 2024 and construction commenced on November 25, 2024.

Unfortunately, the Owner faces the possibility of not being able to meet the deadline as required by §42(h)(1)(E)(i) of the Internal Revenue Code. The need for requesting an extension to meet the required placed- in-service deadlines is the result of events that we believe should fall under the provisions of §11.6(5) of the 2025 Qualified Allocation Plan ("QAP") relating to Force Majeure. A timeline of events has also been included and is labeled Exhibit A.

<u>Background Information</u>

The Development is located in Stephenville, Texas, in Erath County. The City of Stephenville, and quite frankly the entire State of Texas, has experienced significant cost increases, supply chain issues, and labor shortages that as a whole have impacted and delayed the start of construction of the Development, which has had an adverse effect on

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the initial construction schedule and anticipated placed-in-service timelines. These issues are the direct result of not one, but several events that together have put extreme upward pricing pressure, supply chain failures, and timing constraints on the construction industry across the entire State of Texas.

The events currently affecting the Development resulted from excessive rainfall that has occurred from March of this year through July, which has hindered the progress of construction (please see rainfall history labeled Exhibit B). The July 4th flooding has also caused the Development to lose labor forces from the site to disaster mitigation to Kerr County and the counites south of Erath County, DR 4879, which is attached to this request and labeled Exhibit C. The Development team is also aware of the fact that TDHCA has repeatedly asked Developers not to ask for Force Majeure until after construction has started. This is what the Developer tried to do and was hopeful that construction could be completed in time. However, the Development Period did not allow for any breathing room and the unexpected weather events have delayed construction and put the placed in service deadlines in severe jeopardy of being missed.

Impact and Request

The result of this Force Majeure event is that the Owner has suffered a significant delay in construction completion due to unforeseeable weather events and runs the risk of not having enough time to construct the Development and meet the federally required Placed-in-Service deadline and meet contractual obligations with its Limited Partner. The Development Owner needs an extension through June 30, 2026, or six (6) months, to complete construction and Place-in-Service to meet all federal, state, and contractual obligations. Therefore, we request the Development Owner be permitted to return the Tax Credits and that TDHCA reallocate the Tax Credits to the Owner in the current year in accordance with §11.6(5) of the 2025 QAP relating to Force Majeure with a new Placed in-Service date of **June 30, 2026**. We believe the Owner and Development meet all the requirements in Section 11.6(5), in that:

1. The events that caused the delay occurred before issuance of 8609s and were sudden, unforeseen circumstances outside the control of the Development Owner.

2. The delays were not caused by willful negligence or acts of Owner, any Affiliate, or any other Related Party.

3. The Owner has provided evidence and a timeline of the events that was the direct result of the delays labeled Exhibit B.

4. Though there was little that could be done to mitigate the effects of delays resulting from supply chain failures and reduction in equity, and environmental clearance, once a viable option was made available by TDHCA to assist with the cost increases and loss of leveraging the Development proceeded apace. The result of those discussions is that a previous Force Majeure request was granted along with a reduction of units via a redesign through an Application amendment was approved, and financing was restructured with a related party loan made to the Development as part of the application amendment. Currently, the Development is 51% complete as of July 22, 2025. Additionally, the Development was and remains properly insured, and TDHCA was notified of the Force Majeure events.

5. The lack of a Force Majeure threatens to prevent the Owner from meeting the 10% the Placed in Service requirements of the original allocation.

6. The requested current year Carryover Agreement would allocate the same amount of Tax Credits as those that would be returned.

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7. The Development is still financially feasible. Additionally, there have not been any insurance proceeds received related to the Force Majeure event.

If you have any questions or would like to discuss these items further, please do not hesitate to contact me directly at (512) 785-3710 or via email at lora@betcohousinglab.com.

Sincerely,

Lora Myrick, Principal
BETCO Consulting, LLC

cc: Emanuel Glockzin, Development Owner
Claire Palmer, Attorney for Development Owner

TDHCA #22269 Retirement Living for Seniors
Stephenville, Texas
Timeline

Exhibit A

- **July 28, 2022** - The development received a 9% award. The development is a 48-unit property of which 42 units are restricted and the remaining 6 units are market.
    - Capital stack included TDHCA MFDL funds, specifically HOME funds
- **July 6, 2023** – The developer requested Force Majeure due to a myriad of delays that included delays in permitting, delays in HUD clearance that required a special clearance for MFDL funds, delays in MFDL loan closing documents, and shortages in labor and materials. The request was approved and new Placed in Service date: 12/31/25.
- **September 2023** – TDHCA loan documents to be completed; however, Environmental Clearance was still delaying the progress of loan closing.
- **March 12, 2024** – Developer was faced with continued rise in construction costs, interest rate spike, and reduction in in equity pricing made the transaction infeasible and needed to be redesigned and requested an application amendment to reduce the number of units, change financial structure to include related party loan to help cover some of the budget overruns.
- **May 9, 2024 –** Amendment request presented to the TDHCA board and was approved to reduce the number of units from 48 to 44 -> 39 restricted and 5 market.
- **June 2024 –** Environmental Clearance was achieved.
- **September 2024 –** MFDL loan document preparation had to be "re-started" and loan docs were completed.
- **October 2024 –** Transaction closed, MFDL funds.
- **November 15, 2024 –** Readiness to Proceed was issued
- **November 24, 2025 –** Construction Commenced
- **January 6, 2025 thru May 6, 2025 –** Weather delays impeded construction with cold, rain, and some subfreezing temperatures. Weather reports and data attached to the Force Majeure request.
- **August 12, 2025 –** Developer has requested a Force Majeure to extend Placed in Service date to make up the weather delay experienced in the first part of the 2025 by requesting an additional 9 month through September 30, 2026.
    - As of July 22, 2025, construction is 51% complete.

Exhibit B

	Average Per Weather.Gov	Actual Per Weather.Gov
January	1.84	1.84
February	2.16	1.15
March	2.82	1.27
April	2.91	4.63
May	4.97	6.07
June	3.33	6.21
July	1.99	3.58
August	2.96	
September	3.32	
October	3.32	
November (2024)	2.33	1.01
December (2025)	2.18	0.89

Excess Rainfall over average since construction started: 2.12

https://www.weather.gov/fwd/stephenvilleclimatology

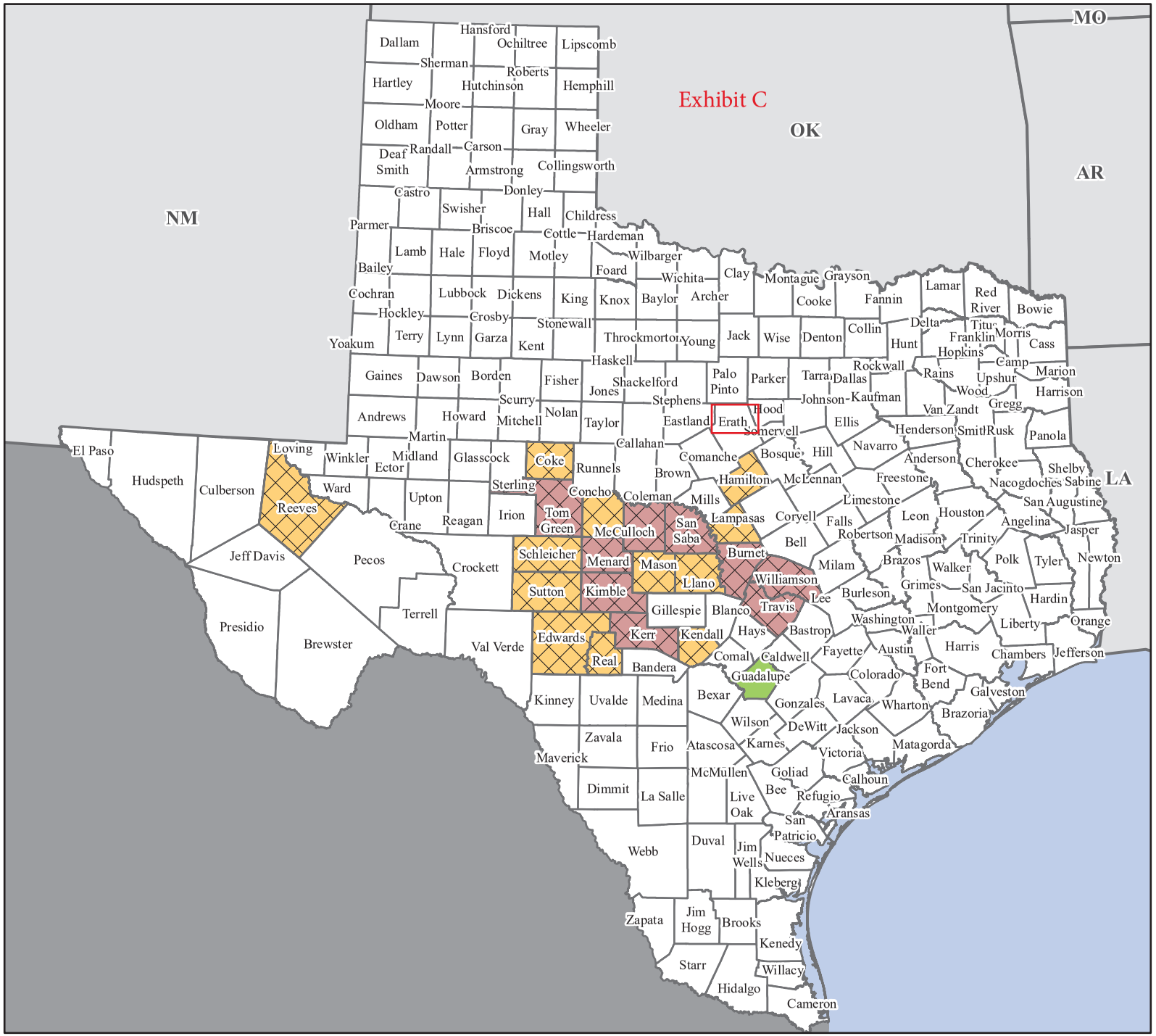
Stephenville (Erath County)

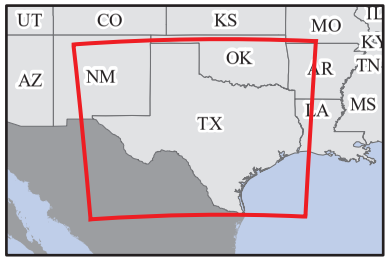
32° 15' N 98° 12' W
1309 ft

30 Year Normals (1991-2020)														
	Month	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Ann
Normal	Maximum (°F)	59.1	63.1	70.4	78.6	85.6	93.1	97.3	97.6	90.2	80.5	68.8	60.5	78.7
	Minimum (°F)	30.9	34.9	42.4	50.2	59.9	67.7	70.6	69.6	62.5	51.5	41.1	33.1	51.2
	Precipitation (in.)	1.84	2.16	2.82	2.91	4.97	3.33	1.99	2.96	3.32	3.32	2.33	2.18	34.13

Monthly Precipitation													
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Ann
2025	1.84	1.15	1.27	4.63	6.07	6.21	3.58						
2024	2.55	2.83	6.54	6.04	12.34	2.36	4.25	0.85	5.89	0.53	1.01	0.89	46.08
2023	1.21	2.67	5.06	2.10	7.09	1.69	0.51	0.00	3.96	11.48	0.33	1.98	38.08
2022	0.15	1.44	1.62	2.69	2.53	0.64	1.10	4.58	2.62	3.03	3.49	2.86	26.75
2021	1.57	0.86	1.39	5.49	8.90	3.03	1.04	3.28	2.95	2.58	0.57	0.07	31.73
2020	3.61	2.39	8.33	0.69	3.76	3.82	1.74	1.30	6.85	2.42	0.88	2.15	37.94
2019	0.30	0.54	1.03	6.17	7.83	3.08	1.64	1.76	0.12	2.71	1.09	1.34	27.61
2018		5.75	2.06	0.25	2.81	0.19	1.95	2.89	6.25	11.73	0.99		

FEMA-4879-DR, Texas Disaster Declaration as of 07/29/2025





Data Layer/Map Description:
The types of assistance that have been designated for selected areas in the State of Texas.

Additional designations may be made at a later date if requested by the state and warranted by the results of further damage assessments.

Designated Counties

- No Designation
- Individual Assistance
- Individual Assistance and Public Assistance (Categories A - G)
- Public Assistance (Categories A - G)

N
W
E
S

0 40 80 120 160 Miles

Data Sources:
FEMA, ESRI;
Initial Declaration: 07/06/2025
Disaster Federal Registry Notice:
Amendment #5: 07/29/2025
Datum: North American 1983
Projection: Lambert Conformal Conic

Map ID: DR_4879_Texas_07302025080421

Real Estate Analysis Division
October 16, 2024

Addendum to Underwriting Report

TDHCA Application #: **22269** Program(s): **9% HTC/MDL**

Retirement Living for Seniors

Address/Location: 2305 Lingleville Rd (FM 8)

City: Stephenville County: Erath Zip: 76401

	APPLICATION HISTORY
Report Date	**PURPOSE**
10/16/24	**Post Amendment Closing Update**
04/23/24	Amendment Request
09/20/23	Multifamily Direct Loan Closing
08/26/22	Initial Underwriting Report

ALLOCATION

	Previous Allocation				RECOMMENDATION				
TDHCA Program	**Amount**	**Rate**	**Amort**	**Term**	**Amount**	**Rate**	**Amort**	**Term**	**Lien**
MF Direct Loan	$2,500,000	0.50%	40	30	**$2,500,000**	**0.50%**	**40**	**30**	**1**
LIHTC (9% Credit)	$888,672				**$888,672**				

CONDITIONS STATUS

1 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.

Status: 1 (a-d) Satisfied

2 Receipt and acceptance by Cost Certification:

- The Development must meet a maximum DCR of 1.50 at cost certification without the option of using a special reserve account to meet the 1.50.

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	7
50% of AMI	50% of AMI	12
60% of AMI	60% of AMI	20

TDHCA SET-ASIDES for DIRECT LOAN LURA		
Income Limit	Rent Limit	Number of Units
30% of AMFI	30% of AMFI	7
50% of AMFI	Low HOME	12
60% of AMFI	High HOME	2

ANALYSIS

The Development received a 9% HTC award in 2022 with a $2,500,000 Multifamily Direct Loan.

In May 2024 the Board approved a Material Amendment to the Application reducing the size of the Development from 48 total units to 44.

Operating Pro Forma

The operating pro forma has been updated to reflect 2024 HTC and HOME Program Rents.

Net Operating Income has increased $22K to $153,601.

Development Cost

Hard Cost is unchanged from the previous underwriting.

Developer Fee is unchanged from the previous underwriting.

Underwritten Total Development Cost has increased $120K to $10,654,638.

Sources of Funds

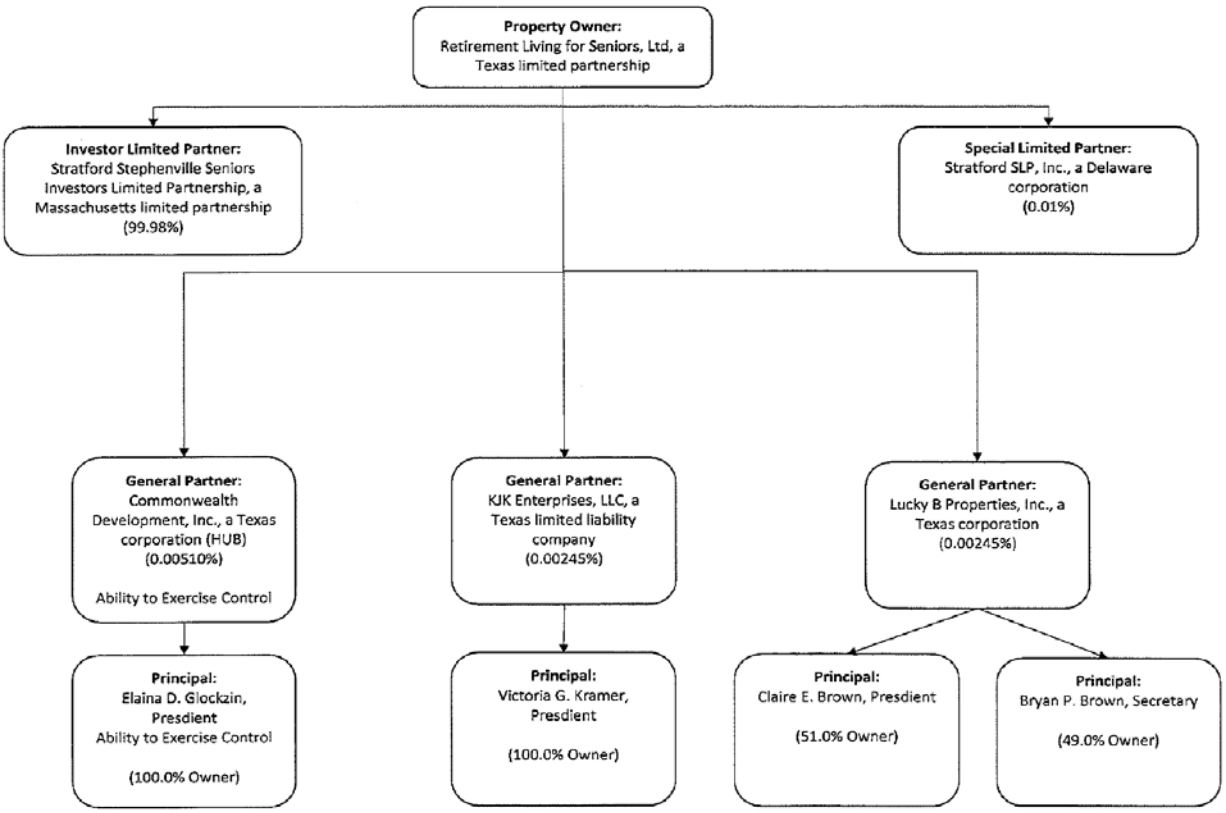
The Multifamily Direct Loan remains as the first lien debt.

Second lien debt from BCLP Investments, a Related Party to the Developer, has increased $98K to $450,000 at 6.25% interest, with 30-year amortization and a 15-year term.

As currently underwritten, the combined Debt Coverage Ratio is 1.50.

The equity partner has changed from WNC to Stratford Stephenville Seniors Investors LP, and the credit price has decreased from $0.81 to $0.80, reducing the equity contribution by $88,527. Stratford SLP, Inc is now the Special Limited Partner. An updated org chart is included below.

Underwritten Deferred Developer Fee has increased $110K to $407,888.



REA recommends proceeding to close the Multifamily Direct Loan as a $2,500,000 first lien at 0.50% interest with a 30-year term and $68,971 annualized monthly debt service based on 40-year amortization.

Underwriter:	*Thomas Cavanagh*
Director of Real Estate Analysis:	*Jeanna Adams*

Retirement Living for Seniors, Stephenville, 9% HTC/MDL #22269
Unit Mix

# Units	Bed rooms	Bath rooms	Unit Size (NRA SF)	Total NRA (sf)	Tax Credit Designation	MF Direct Loan Designation
5	1	1	812	4,060	TC 30%	30%/30%
7	1	1	812	5,684	TC 50%	LH/50%
1	1	1	812	812	TC 60%	HH/60%
1	1	1	812	812	TC 60%	Match
7	1	1	812	5,684	TC 60%	
3	1	1	812	2,436	MR	
2	2	1	1,038	2,076	TC 30%	30%/30%
5	2	1	1,038	5,190	TC 50%	LH/50%
1	2	1	1,038	1,038	TC 60%	HH/60%
1	2	1	1,038	1,038	TC 60%	Match
9	2	1	1,038	9,342	TC 60%	
2	2	1	1,038	2,076	MR	
44				40,248		

Retirement Living for Seniors, Stephenville, 9% HTC/MDL #22269

Uses of Funds

Description	Hard Cost	Total Development Cost
Land Acquisition		$574,800
Site Work	$1,433,615	$1,433,615
Site Amenities	$150,000	$150,000
Building Cost	$4,329,500	$4,329,500
Contingency		$413,918
Contractor Fees		$877,000
Soft Costs		$765,115
Financing		$220,608
Developer Fee		$1,580,000
Reserves		$310,082
Totals	$5,913,115	$10,654,638

Retirement Living for Seniors, Stephenville, 9% HTC/MDL #22269
Sources of Funds

Source	Type	Interim Principal	Interim Rate	Permanent Period Principal	Term	Amort	Rate
Debt							
TDHCA-Repayable	Multifamily Direct Loan	$2,500,000	0.00%	$2,500,000	30	40	0.50%
BCLP Investments	Loan	$450,000	6.25%	$450,000	15	30	6.25%
TOTAL		**$2,950,000**		**$2,950,000**			
Third Party Equity							
Stratford Stephensville Seniors	HTC Equity	$7,109,000		$7,109,000			
TOTAL		**$7,109,000**		**$7,109,000**			
PARTNERSHIP DEBT							
Commonwealth Development, Inc.	Deferred Developer Fee	$407,888		$407,888			
TOTAL		**$407,888**		**$407,888**			
CASH FLOW DEBT / GRANTS							
City of Stephenville	§11.9(d)(2)LPS Contribution	$250		$250			
Callaway Lumber	Direct Loan Match	$75,000		$75,000			
Torres Electrical Services	Direct Loan Match	$112,500		$112,500			
TOTAL		**$187,750**		**$187,750**			
TOTAL CAPITALIZATION		**$10,654,638**		**$10,654,638**			

Real Estate Analysis Division
April 23, 2024

Addendum to Underwriting Report

TDHCA Application #: **22269** Program(s): **9% HTC/MDL**

Retirement Living for Seniors

Address/Location: 2305 Lingleville Rd (FM 8)

City: Stephenville County: Erath Zip: 76401

	APPLICATION HISTORY
Report Date	**PURPOSE**
04/23/24	**Amendment Request**
09/20/23	Multifamily Direct Loan Closing
08/26/22	Initial Underwriting Report

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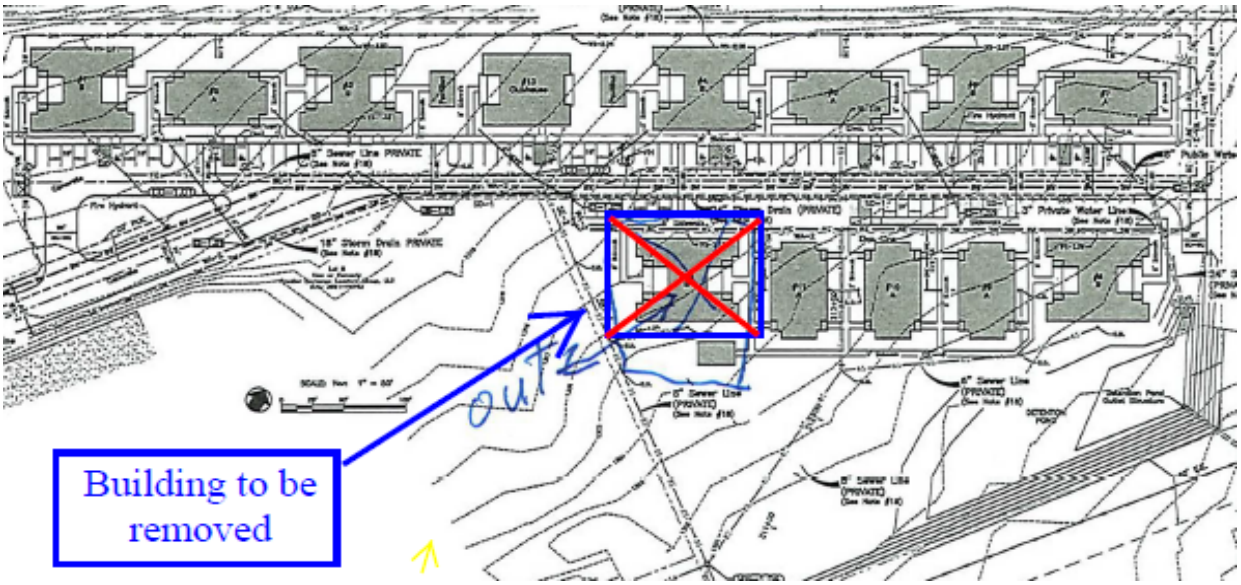
Income Limit	Rent Limit	Number of Units
30% of AMFI	30% of AMFI	7
50% of AMFI	Low HOME	12
60% of AMFI	High HOME	2

ANALYSIS

The Owner for the Development listed above has submitted an Application Amendment for a reduction of units from 48 units to 44 units. They are reducing the rent restricted units from 42 to 39 and the market rate units from 6 to 5. The Development has HOME Match funds and the rent schedule has been reviewed and approved by the MFDL Department. The Owner has secured secondary financing for project feasibility with BCLP Investments, LLC, a related party to the Owner. The Owner is proposing to remove one building of four two bedroom units to maintain construction costs. The Development received a 9% HTC award in the 2022 cycle and was also awarded a $2,500,000 Multifamily Direct Loan.

Ste Plan



Operating Pro Forma

Underwriter adjusted 60% High HOME (HH) units to the lesser of 60% TC rents and HH rents.

Underwritten NOI has decreased from $145,446 to $135,604 (7%) as a result of the reduction of 4 units and increases in insurance expenses.

Development Cost

The Applicant provided a letter from the General Contractor, a related party, that due to increased materials and labor cost, the estimate for the Total Construction Contract increased from $7,145,115 to $7,894,624 (or by $749,509) since the underwriting for the MDL closing. However, by eliminating one fourplex building containing four (4) 2-bedroom units, the Applicant states that they can maintain the same construction costs of $7,145,115.

Applicant's current Cost Schedule includes Reserves equal to 16 months operating expenses and debt service. The amount included for underwriting is limited to 12 months.

Total Development Cost has increased $35,006 since the underwriting for the MDL closing.

Sources of Funds

BCNB Investments, a related party to the Owner, will be providing a contribution of $352,000 as a construction loan and second-lien permanent loan at 4.13% interest with a 38-year amortization period and 15-year term. The contributed amount does not exceed 5% of the Total Development Cost.

Direct Loan Matching Funds will be provided by Torres Electrical Services and Callaway Lumber.

The City of Stephenville will provide a $250 local government contribution.

Senior debt is provided by a $2,500,000 construction-to-permanent Multifamily Direct Loan. At the stated loan terms (0.50% interest amortized over 40 years), the Debt Coverage Ratio has increased from 1.50 to 1.91. The 2022 QAP does not require an adjustment to the assumed financing structure that normally would be required if the DCR is greater than the maximum, as the Direct Loan is the senior debt.

Underwriter recommends Applicant's request to: reduce the number of units from 48 to 44; to reduce the number of rent restricted units from 42 to 39; and to reduce the number of market rate units from 6 to 5.

Underwriter:	*Eric Weiner*
Manager of Real Estate Analysis:	*Gregg Kazak*
Director of Real Estate Analysis:	*Jeanna Adams*

UNIT MIX/RENT SCHEDULE

Retirement Living for Seniors, Stephenville, 9% HTC/MDL #22269

LOCATION DATA	
CITY:	Stephenville
COUNTY:	Erath
Area Median Income	$85,200
PROGRAM REGION:	3
PROGRAM RENT YEAR:	2023

UNIT DISTRIBUTION				
# Beds	# Units	% Total	Assisted	MDL
Eff	-	0.0%	0	0
1	24	54.5%	0	14
2	20	45.5%	0	9
3	-	0.0%	0	0
4	-	0.0%	0	0
5	-	0.0%	0	0
TOTAL	**44**	**100.0%**	**-**	**23**

Pro Forma ASSUMPTIONS	
Revenue Growth	2.00%
Expense Growth	3.00%
Basis Adjust	130%
Applicable Fraction	88.64%
APP % Acquisition	4.00%
APP % Construction	9.00%
Average Unit Size	915 sf

52%	Income	20%	30%	40%	50%	60%	70%	80%	EO / MR	TOTAL
Average Income	# Units	-	7	-	12	20	-	-	5	**44**
	% Total	0.0%	15.9%	0.0%	27.3%	45.5%	0.0%	0.0%	11.4%	**100.0%**

UNIT MIX / MONTHLY RENT SCHEDULE

HTC		MF Direct Loan Units (HOME Rent/Inc)		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 30%	$441	30%/30%	$441	5	1	1	812	$441	$88	$353	$0	$0.43	$353	**$1,765**	**$1,765**	$353	**$0.43**	**$0**	$900	$1.11	$950
TC 50%	$736	LH/50%	$736	7	1	1	812	$736	$88	$648	$0	$0.80	$648	**$4,536**	**$4,536**	$648	**$0.80**	**$0**	$900	$1.11	$950
TC 60%	$883	HH/60%	$771	1	1	1	812	$771	$88	$683	$112	$0.98	$795	**$795**	**$683**	$683	**$0.84**	**$0**	$900	$1.11	$950
TC 60%	$883	Match		1	1	1	812	$883	$88	$795	$0	$0.98	$795	**$795**	**$795**	$795	**$0.98**	**$0**	$900	$1.11	$950
TC 60%	$883			7	1	1	812	$883	$88	$795	$0	$0.98	$795	**$5,565**	**$5,565**	$795	**$0.98**	**$0**	$900	$1.11	$950
MR				3	1	1	812	$0	$88		NA	$1.11	$900	**$2,700**	**$2,700**	$900	**$1.11**	**NA**	$900	$1.11	$1,175
TC 30%	$530	30%/30%	$530	2	2	1	1,038	$530	$120	$410	$0	$0.39	$410	**$820**	**$820**	$410	**$0.39**	**$0**	$1,109	$1.07	$1,175
TC 50%	$883	LH/50%	$883	5	2	1	1,038	$883	$120	$763	$0	$0.74	$763	**$3,815**	**$3,815**	$763	**$0.74**	**$0**	$1,109	$1.07	$1,175
TC 60%	$1,060	HH/60%	$949	1	2	1	1,038	$949	$120	$829	$111	$0.91	$940	**$940**	**$829**	$829	**$0.80**	**$0**	$1,109	$1.07	$1,175
TC 60%	$1,060	Match		1	2	1	1,038	$1,060	$120	$940	$0	$0.91	$940	**$940**	**$940**	$940	**$0.91**	**$0**	$1,109	$1.07	$1,175
TC 60%	$1,060			9	2	1	1,038	$1,060	$120	$940	$0	$0.91	$940	**$8,460**	**$8,460**	$940	**$0.91**	**$0**	$1,109	$1.07	$1,175
MR				2	2	1	1,038	$0	$120		NA	$1.07	$1,109	**$2,218**	**$2,218**	$1,109	**$1**	**NA**	$1,109	$1.07	$1,175
TOTALS/AVERAGES:				**44**			**40,248**				**$5**	**$0.83**	**$758**	**$33,349**	**$33,126**	**$753**	**$0.82**	**$0**	**$995**	**$1.09**	**$1,068**

ANNUAL POTENTIAL GROSS RENT:	**$400,188**	**$397,512**

*MFDL units float among unit type.

STABILIZED PRO FORMA

Retirement Living for Seniors, Stephenville, 9% HTC/MDL #22269

	STABILIZED FIRST YEAR PRO FORMA																	
	COMPARABLES				APPLICANT				MDL CLOSING	ORIGINAL UW		MDL CLOSING	TDHCA				VARIANCE	
	Database		City Comps		% EGI	Per SF	Per Unit	Amount	Applicant	Applicant	TDHCA	TDHCA	Amount	Per Unit	Per SF	% EGI	%	$
POTENTIAL GROSS RENT						$0.83	$758	$400,188	$419,868	$363,000	$363,000	$419,868	$397,512	$753	$0.82		0.7%	$2,676
Application Fees							$10.00	$5,280	$5,760	5,760								
Total Secondary Income							$10.00				5,760	5,760	$5,280	$10.00			0.0%	$0
POTENTIAL GROSS INCOME								$405,468	$425,628	$368,760	$368,760	$425,628	$402,792				0.7%	$2,676
Vacancy & Collection Loss							7.5% PGI	(30,410)	(31,922)	(27,657)	(27,657)	(31,922)	(30,209)	7.5% PGI			0.7%	(201)
Rental Concessions								-	-	0	0	0	-				0.0%	-
EFFECTIVE GROSS INCOME								$375,058	$393,706	$341,103	$341,103	$393,706	$372,583				0.7%	$2,475
General & Administrative	$26,129	$594/Unit	$24,232	$551	3.60%	$0.34	$307	$13,500	$13,500	$13,500	$13,500	$13,500	$13,500	$307	$0.34	3.62%	0.0%	-
Management	$22,953	5.2% EGI	$16,330	$371	5.25%	$0.49	$447	$19,680	$19,680	$17,000	$17,055	$19,685	$18,629	$423	$0.46	5.00%	5.6%	1,051
Payroll & Payroll Tax	$46,168	$1,049/Unit	$74,493	$1,693	11.08%	$1.03	$944	$41,540	$41,540	$41,540	$41,540	$41,540	$41,540	$944	$1.03	11.15%	0.0%	-
Repairs & Maintenance	$34,768	$790/Unit	$32,985	$750	8.16%	$0.76	$695	$30,600	$30,600	$25,200	$31,200	$31,200	$28,600	$650	$0.71	7.68%	7.0%	2,000
Electric/Gas	$12,074	$274/Unit	$7,073	$161	2.67%	$0.25	$227	$10,000	$10,000	$10,000	$10,368	$13,252	$12,074	$274	$0.30	3.24%	-17.2%	(2,074)
Water, Sewer, & Trash	$31,159	$708/Unit	$27,020	$614	10.67%	$0.99	$909	$40,000	$46,000	$42,908	$33,991	$33,991	$31,159	$708	$0.77	8.36%	28.4%	8,841
Property Insurance	$23,998	$0.60 /sf	$24,638	$560	11.44%	$1.07	$975	$42,908	$43,628	$19,000	$19,000	$43,628	$42,908	$975	$1.07	11.52%	0.0%	-
Property Tax (@ 100%) 2.0782	$32,719	$744/Unit	$25,337	$576	8.27%	$0.77	$705	$31,000	$35,000	$35,000	$33,152	$37,783	$35,227	$801	$0.88	9.45%	-12.0%	(4,227)
Reserve for Replacements					2.93%	$0.27	$250	$11,000	$12,000	$12,000	$12,000	$12,000	$11,000	$250	$0.27	2.95%	0.0%	-
TDHCA Compliance fees ($40/HTC unit)					0.47%	$0.04	$40	$1,760	$1,920	$1,680	$1,680	$1,680	$1,560	$35	$0.04	0.42%	12.8%	200
TDHCA MDL Compliance ($34/MDL unit)					0.40%	$0.04	$34	$1,496	$1,632	$0	$0	$0	$782	$18	$0.02	0.21%	91.3%	714
TOTAL EXPENSES					**64.92%**	**$6.05**	**$5,534**	**$243,484**	**$255,500**	$217,828	$213,486	$248,260	**$236,979**	**$5,386**	**$5.89**	**63.60%**	**2.7%**	**$ 6,505**
NET OPERATING INCOME ("NOI")					**35.08%**	**$3.27**	**$2,990**	**$131,574**	**$138,206**	$123,275	$127,617	$145,446	**$135,604**	**$3,082**	**$3.37**	**36.40%**	**-3.0%**	**$ (4,030)**
CONTROLLABLE EXPENSES							$3,083/Unit							$2,883/Unit				

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Retirement Living for Seniors, Stephenville, 9% HTC/MDL #22269

DEBT / GRANT SOURCES

DEBT (Must Pay)	Fee	APPLICANT'S PROPOSED DEBT/GRANT STRUCTURE: Cumulative DCR UW	Cumulative DCR App	Pmt	Rate	Amort	Term	Principal	MDL CLOSING Applicant	Prior Underwriting Applicant	Prior Underwriting TDHCA	MDL CLOSING TDHCA	AS UNDERWRITTEN DEBT/GRANT STRUCTURE: Principal	Term	Amort	Rate	Pmt	Cumulative DCR	Cumulative LTC
TDHCA-Repayable		1.97	1.91	$68,971	0.50%	40	40	$2,500,000	$2,500,000	$2,500,000	$2,500,000	$2,500,000	$2,500,000	30	40	0.50%	$68,971	1.91	23.7%
0		1.55	1.50	$18,505	0.00%	0	0	$0	$450,000	$450,000	$450,000	$450,000	$0	0	0	0.000%		1.91	0.0%
CASH FLOW DEBT / GRANTS																			
City of Stephenville		1.55	1.50		0.00%	0	0	$250	$250	$250	$250	$250	$250	0	0	0.00%		1.91	0.0%
Callaway Lumber		1.55	1.50		0.00%	0	0	$75,000	$75,000	$75,000	$75,000	$75,000	$75,000	0	0	0.00%		1.91	0.7%
Torres Electrical Services		1.55	1.50		0.00%	0	0	$112,500	$112,500	$112,500	$112,500	$112,500	$112,500	0	0	0.00%		1.91	1.1%
BCLP Investments		1.55	1.50		0.00%	0	0	$352,000	$0	$0	$0	$0	$352,000	0	0	0.00%		1.91	3.3%
				$87,476	**TOTAL DEBT / GRANT SOURCES**			**$3,039,750**	**$3,137,750**	$3,137,750	$3,137,750	$3,137,750	**$3,039,750**	**TOTAL DEBT SERVICE**			**$68,971**	**1.908**	28.9%
NET CASH FLOW		$48,128	$44,098										**APPLICANT**	**NET OPERATING INCOME**		**$131,574**	**$62,603**	**NET CASH FLOW**	

EQUITY SOURCES

EQUITY / DEFERRED FEES	APPLICANT'S PROPOSED EQUITY STRUCTURE: DESCRIPTION	% Cost	Annual Credit	Credit Price	Amount	MDL CLOSING Applicant	Prior Underwriting Applicant	Prior Underwriting TDHCA	MDL CLOSING TDHCA	AS UNDERWRITTEN EQUITY STRUCTURE: Amount	Credit Price	Annual Credit	% Cost	Annual Credits per Unit	Allocation Method
WNC	LIHTC Equity	68.3%	$888,672	$0.81	$7,197,523	$7,197,523	$7,244,276	$7,153,098	$7,197,527	$7,197,527	$0.8099	$888,672	68.3%	$20,197	Previous Allocation
Commonwealth Development, Inc.	Deferred Developer Fees	4.0%	(26% Deferred)		$417,365	$318,365	$37,750	$128,928	$234,823	$297,817	(19% Deferred)		2.8%	**Total Developer Fee:**	**$1,580,000**
Additional (Excess) Funds Req'd		0.0%						$0	$0	$0			0.0%		
TOTAL EQUITY SOURCES		72.3%			$7,614,888	$7,515,888	$7,282,026	$7,282,026	$7,432,349	$7,495,343			71.1%		
TOTAL CAPITALIZATION					**$10,654,638**	**$10,653,638**	$10,419,776	$10,419,776	$10,570,099	**$10,535,093**			**15-Yr Cash Flow after Deferred Fee:**		**$650,803**

DEVELOPMENT COST / ITEMIZED BASIS

	APPLICANT COST / BASIS ITEMS: Eligible Basis Acquisition	Eligible Basis New Const. Rehab	Total Costs		MDL CLOSING Applicant	Prior Underwriting Applicant	Prior Underwriting TDHCA	MDL CLOSING Applicant	TDHCA COST / BASIS ITEMS: Total Costs			Eligible Basis New Const. Rehab	Eligible Basis Acquisition	COST VARIANCE %	COST VARIANCE $
Land Acquisition			$13,064 / Unit	$574,800	$574,800	$750,000	$750,000	$574,800	$574,800	$13,064 / Unit				0.0%	$0
Off-Sites			$ / Unit	$0	$0	$0	$0	$0	$0	$ / Unit				0.0%	$0
Site Work		$1,433,615	$32,582 / Unit	$1,433,615	$1,433,615	$1,433,615	$1,433,615	$1,421,700	$1,421,700	$32,311 / Unit		$1,421,700		0.8%	$11,915
Site Amenities		$150,000	$3,409 / Unit	$150,000	$150,000	$150,000	$150,000	$150,000	$150,000	$3,409 / Unit		$150,000		0.0%	$0
Building Cost		$4,329,500	$98,398/Unit	$4,329,500	$4,329,500	$4,100,000	$4,329,508	$4,496,415	$4,496,415	$102,191/Unit	$111.72 /sf	$4,496,415		-3.7%	($166,915)
Contingency		$355,000	6.00%	$355,000	$355,000	$355,000	$355,000	$200,000	$200,000	3.30%	5.85%	$355,000		77.5%	$155,000
Contractor Fees		$877,000	13.99%	$877,000	$877,000	$758,000	$758,000	$877,000	$877,000	13.99%	13.65%	$877,000		0.0%	$0
Soft Costs	$0	$765,115	$17,389 / Unit	$765,115	$765,115	$789,361	$789,361	$765,115	$765,115	$17,389 / Unit		$765,115	$0	0.0%	$0
Financing	$0	$77,000	$3,582 / Unit	$157,608	$157,608	$380,000	$380,000	$157,608	$157,608	$3,582 / Unit		$77,000	$0	0.0%	$0
Developer Fee	$0	$1,580,000	19.78%	19.78%	$1,580,000	$1,580,000	$1,453,800	$1,453,800	$1,580,000	$1,580,000	19.78%	19.41%	$1,580,000	$0	0.0%	$0
Reserves			16 Months		$432,000	$432,000	$250,000	$250,000	$340,221	$305,950	12 Months				41.2%	$126,050
TOTAL HOUSING DEVELOPMENT COST (UNADJUSTED BASIS)	**$0**	**$9,567,230**	$242,151 / Unit		**$10,654,638**	**$10,654,638**	$10,419,776	$10,649,284	$10,562,859	**$10,528,588**	$239,286 / Unit		**$9,722,230**	**$0**	**1.2%**	**$126,050**
Acquisition Cost	$0			$0	$0	$0									
Contingency		$0		$0	$0	$0									
Contractor's Fee		$0		$0	$0	$0									
Financing Cost		$0													
Developer Fee	$0	$0		$0	$0	$0									
Reserves				($119,545)	($84,539)	$0									
ADJUSTED BASIS / COST	**$0**	**$9,567,230**	$239,434/unit	**$10,535,093**	**$10,570,099**	$10,419,776	$10,649,284	$10,562,859	**$10,528,588**	$239,286/unit		**$9,722,230**	**$0**	**0.1%**	**$6,505**

TOTAL HOUSING DEVELOPMENT COSTS (Applicant's Uses are within 5% of TDHCA Estimate): **$10,535,093**

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Retirement Living for Seniors, Stephenville, 9% HTC/MDL #22269

CREDIT CALCULATION ON QUALIFIED BASIS				
	Applicant		TDHCA	
	Acquisition	Construction Rehabilitation	Acquisition	Construction
ADJUSTED BASIS	$0	$9,567,230	$0	$9,722,230
Deduction of Federal Grants	$0	$0	$0	$0
TOTAL ELIGIBLE BASIS	$0	$9,567,230	$0	$9,722,230
High Cost Area Adjustment		130%		130%
TOTAL ADJUSTED BASIS	$0	$12,437,399	$0	$12,638,899
Applicable Fraction	88.64%	88.64%	89%	89%
TOTAL QUALIFIED BASIS	$0	$11,024,058	$0	$11,202,660
Applicable Percentage	4.00%	9.00%	4.00%	9.00%
ANNUAL CREDIT ON BASIS	$0	$992,165	$0	$1,008,239
CREDITS ON QUALIFIED BASIS	$992,165		$1,008,239	

	ANNUAL CREDIT CALCULATION BASED ON APPLICANT BASIS		FINAL ANNUAL LIHTC ALLOCATION		
			Credit Price $0.8099	Variance to Request	
Method	Annual Credits	Proceeds	Credit Allocation	Credits	Proceeds
Eligible Basis	$992,165	$8,035,734	----	----	----
Needed to Fill Gap	$925,444	$7,495,343	----	----	----
Previous Allocatio	$888,672	$7,197,527	**$888,672**	**$0**	**$0**

Long-Term Pro Forma

Retirement Living for Seniors, Stephenville, 9% HTC/MDL #22269

	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%	$375,058	$382,559	$390,210	$398,014	$405,975	$448,229	$494,881	$546,389	$603,257	$666,045	$735,367	$811,905
TOTAL EXPENSES	3.00%	$243,484	$250,592	$257,909	$265,441	$273,196	$315,533	$364,491	$421,112	$486,601	$562,357	$649,997	$751,395
NET OPERATING INCOME ("NOI")		**$131,574**	**$131,967**	**$132,302**	**$132,573**	**$132,779**	**$132,696**	**$130,390**	**$125,277**	**$116,656**	**$103,687**	**$85,370**	**$60,509**
EXPENSE/INCOME RATIO		64.9%	65.5%	66.1%	66.7%	67.3%	70.4%	73.7%	77.1%	80.7%	84.4%	88.4%	92.5%
MUST -PAY DEBT SERVICE													
TDHCA-Repayable		$68,971	$68,971	$68,971	$68,971	$68,971	$68,971	$68,971	$68,971	$68,971	$68,971	$68,971	$68,971
0													
TOTAL DEBT SERVICE		$68,971	$68,971	$68,971	$68,971	$68,971	$68,971	$68,971	$68,971	$68,971	$68,971	$68,971	$68,971
DEBT COVERAGE RATIO		1.91	1.91	1.92	1.92	1.93	1.92	1.89	1.82	1.69	1.50	1.24	0.88
ANNUAL CASH FLOW		**$62,603**	**$62,996**	**$63,330**	**$63,602**	**$63,808**	**$63,725**	**$61,419**	**$56,306**	**$47,684**	**$34,716**	**$16,398**	**($8,462)**
Deferred Developer Fee Balance		$235,214	$172,218	$108,887	$45,285	$0	$0	$0	$0	$0	$0	$0	$0
CUMULATIVE NET CASH FLOW		$0	$0	$0	$0	$18,523	$338,099	$650,803	$943,811	$1,201,036	$1,402,479	$1,523,469	$1,533,763

22269 Retirement Living for Seniors - Application Summary

REAL ESTATE ANALYSIS DIVISION
August 26, 2022

PROPERTY IDENTIFICATION	
Application #	22269
Development	Retirement Living for Seniors
City / County	Stephenville / Erath
Region/Area	3 / Rural
Population	Elderly Limitation
Set-Aside	General
Activity	New Construction

RECOMMENDATION

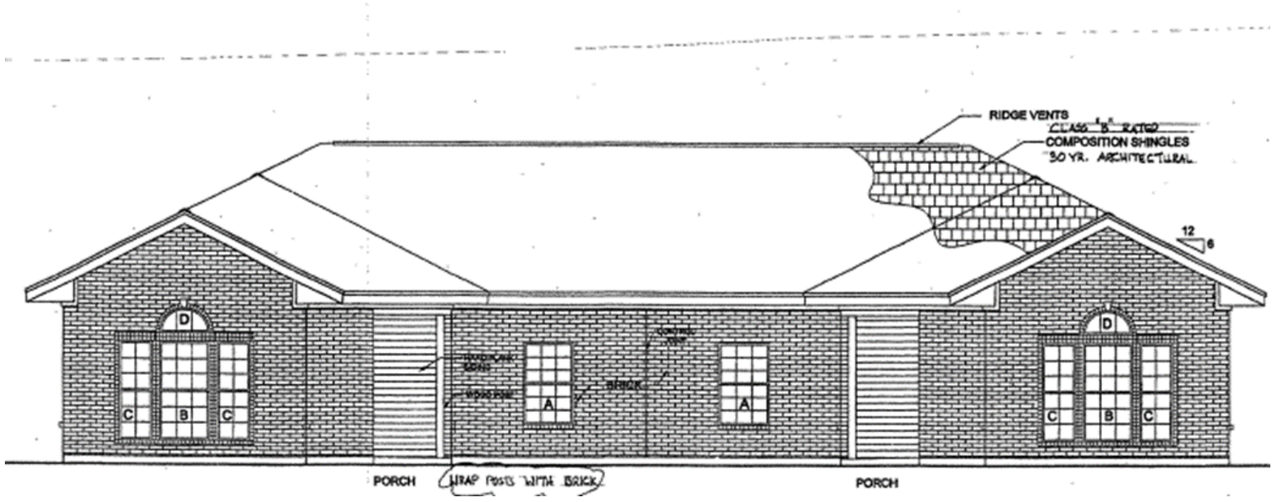
TDHCA Program	Request	Recommended			
LIHTC (9% Credit)	$900,000	$888,672	$18,514/Unit		$0.80
	Amount	Rate	Amort	Term	Lien
MF Direct Loan Const. to Perm. (Repayable)	$2,500,000	0.50%	40	30	1

KEY PRINCIPALS / SPONSOR

- Elaina Glockzin / Commonwealth Development, Inc. (90% of Developer Fee)
- Claire Brown / Lucky 8 Properties, Inc. (5% of Developer Fee)
- Victoria Kramer / KJK Enterprises, LLC (5% of Developer Fee)

Related Parties	Contractor - Yes	Seller - No

TYPICAL BUILDING ELEVATION/PHOTO



UNIT DISTRIBUTION

# Beds	# Units	% Total
Eff	-	0%
1	24	50%
2	24	50%
3	-	0%
4	-	0%
TOTAL	48	100%

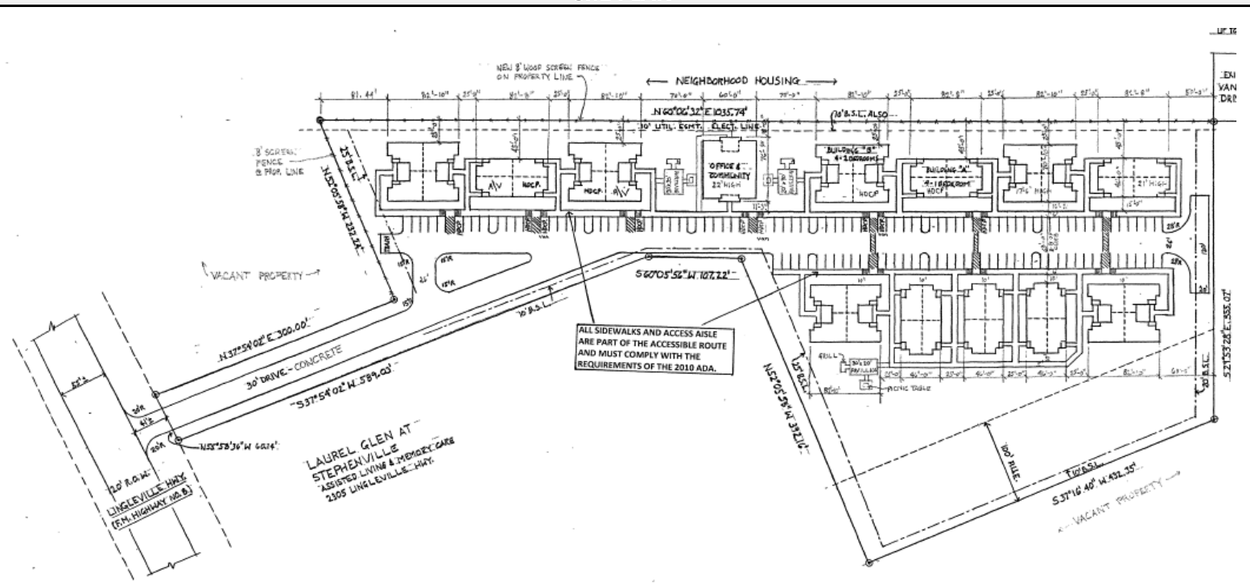
INCOME DISTRIBUTION

Income	# Units	% Total
20%	-	0%
30%	12	25%
40%	-	0%
50%	9	19%
60%	21	44%
70%	-	0%
80%	-	0%
MR	6	13%
TOTAL	48	100%

PRO FORMA FEASIBILITY INDICATORS

Pro Forma Underwritten		Applicant's Pro Forma	
Debt Coverage	1.38	Expense Ratio	63.9%
Breakeven Occ.	83.2%	Breakeven Rent	$566
Average Rent	$630	B/E Rent Margin	$64
Property Taxes	$729/unit	Exemption/PILOT	0%
Total Expense	$4,538/unit	Controllable	$2,774/unit

SITE PLAN



MARKET FEASIBILITY INDICATORS

Gross Capture Rate (10% Maximum)			1.7%
Highest Unit Capture Rate	2%	2 BR/30%	6
Dominant Unit Cap. Rate	1%	2 BR/60%	11
Premiums (↑60% Rents)	Yes		$68/Avg.
Rent Assisted Units	N/A		

DEVELOPMENT COST SUMMARY

Costs Underwritten		Applicant's Costs	
Avg. Unit Size	925 SF	Density	6.3/acre
Acquisition		$16K/unit	$750K
Building Cost	$92.34/SF	$85K/unit	$4,100K
Hard Cost		$126K/unit	$6,039K
Total Cost		$217K/unit	$10,420K
Developer Fee	$1,454K	(9% Deferred)	Paid Year: 4
Contractor Fee	$758K	30% Boost	Yes

DEBT (Must Pay)				
Source	Term	Rate	Amount	DCR
TDHCA-Repayable	30/40	0.50%	$2,500,000	1.79
Prosperity Bank	15/40	3.25%	$450,000	1.38
TOTAL DEBT (Must Pay)			$2,950,000	

CASH FLOW DEBT / GRANT FUNDS				
Source	Term	Rate	Amount	DCR
City of Stephenville	0/0	0.00%	$250	1.38
Callaway Lumber	0/0	0.00%	$75,000	1.38
Torres Electrical Services	0/0	0.00%	$112,500	1.38
CASH FLOW DEBT / GRANTS			$187,750	

EQUITY / DEFERRED FEES	
Source	Amount
WNC	$7,153,098
Commonwealth Development, Inc.	$128,928
TOTAL EQUITY SOURCES	$7,282,026
TOTAL DEBT SOURCES	$3,137,750
TOTAL CAPITALIZATION	$10,419,776

CONDITIONS

1 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.

2 Receipt and acceptance by Cost Certification:

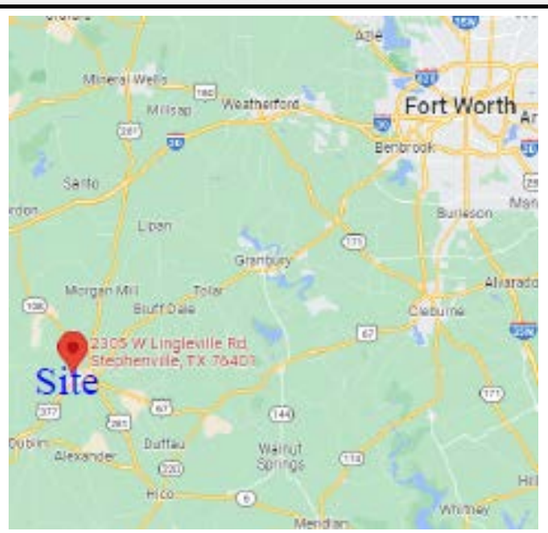
- The Development must meet a maximum DCR of 1.50 at cost certification without the option of using a special reserve account to meet the 1.50.

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.

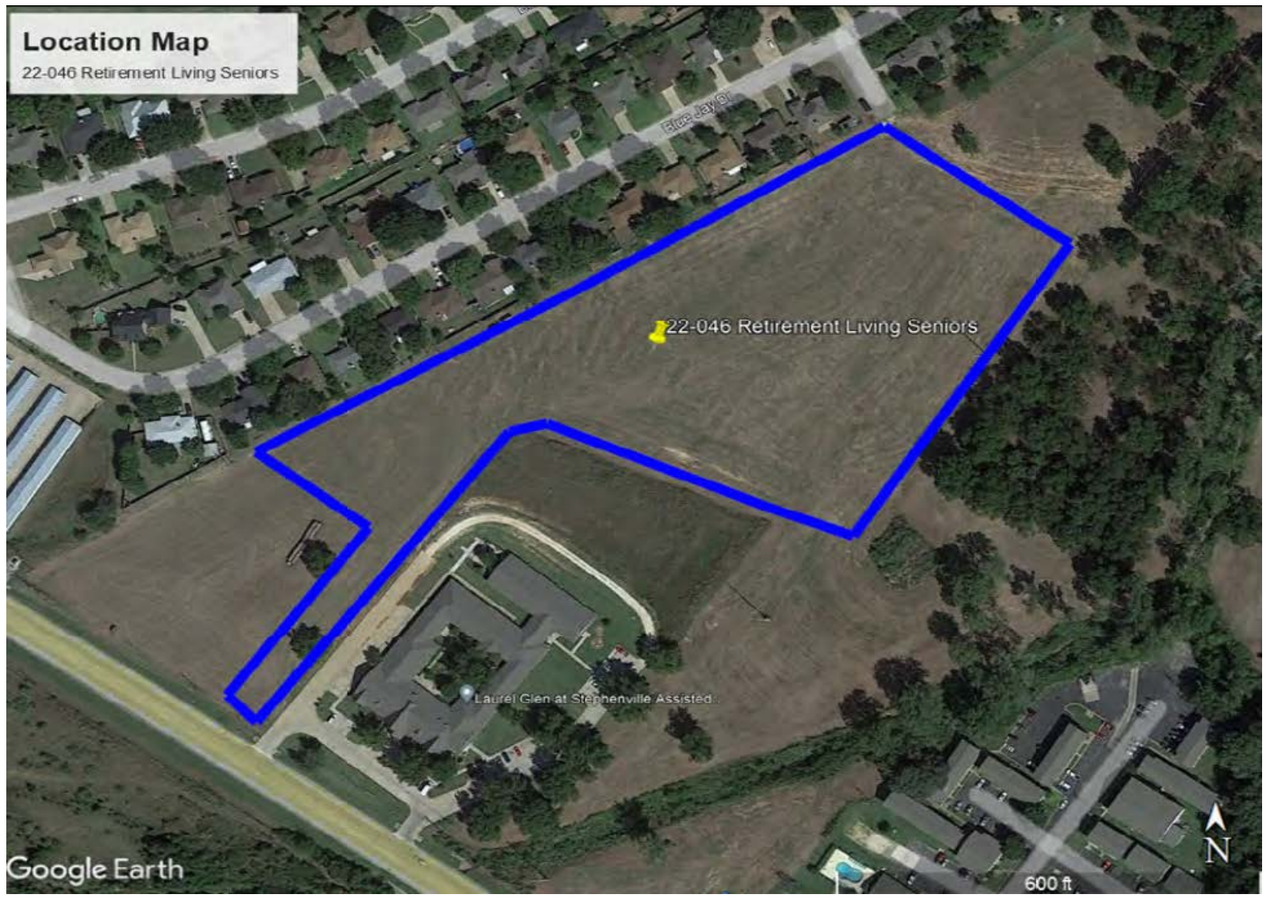
RISK PROFILE

STRENGTHS/MITIGATING FACTORS
▫ Low Gross Capture Rates
▫ No new LIHTC properties since 2017
▫ Experienced Developer
WEAKNESSES/RISKS
▫ High Expense to Income Ratio

AREA MAP



AERIAL PHOTOGRAPH(s)



Real Estate Analysis Division
Underwriting Report
August 26, 2022

DEVELOPMENT IDENTIFICATION

TDHCA Application #: **22269** Program(s): **9% HTC/MDL**

Retirement Living for Seniors

Address/Location: 2305 Lingleville Rd (FM 8)

City: Stephenville County: Erath Zip: 76401

Population: Elderly Limitation Program Set-Aside: General Area: Rural

Activity: New Construction Building Type: Fourplex Region: 3

Analysis Purpose: New Application - Initial Underwriting

ALLOCATION

	REQUEST				RECOMMENDATION				
TDHCA Program	**Amount**	**Interest Rate**	**Amort**	**Term**	**Amount**	**Interest Rate**	**Amort**	**Term**	**Lien**
MF Direct Loan Const. to Perm. (Repayable)	$2,500,000	0.50%	40	40	**$2,500,000**	**0.50%**	**40**	**30**	**1**
LIHTC (9% Credit)	$900,000				**$888,672**				

* Multifamily Direct Loan Terms:

* Lien position after conversion to permanent. The Department's lien position during construction may vary.

CONDITIONS

1 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.

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2 Receipt and acceptance by Cost Certification:

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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	12
50% of AMI	50% of AMI	9
60% of AMI	60% of AMI	21

TDHCA SET-ASIDES for DIRECT LOAN LURA		
Income Limit	Rent Limit	Number of Units
30% of AMFI	30% of AMFI	12
50% of AMFI	Low HOME	9

DEVELOPMENT SUMMARY

Retirement Living for Seniors is a proposed New Construction development to have forty-eight (48) units; to be located off Lingleville Highway Stephenville, Erath County, Texas. The development will serve the Elderly population and there will be forty-two (42) units that will be income restricted under the Housing Tax-Credit program and there will be six (6) market rate units. There will be a twenty-four (24) one bedroom units and twenty-four (24) two bedroom units. The units will each have amenities such as washer and dryer connections, carpet and vinyl flooring, refrigerator, range, disposal and window coverings. There will also be a furnished community room, a community laundry room, gazebo with sitting area and bbq grills with picnic tables.

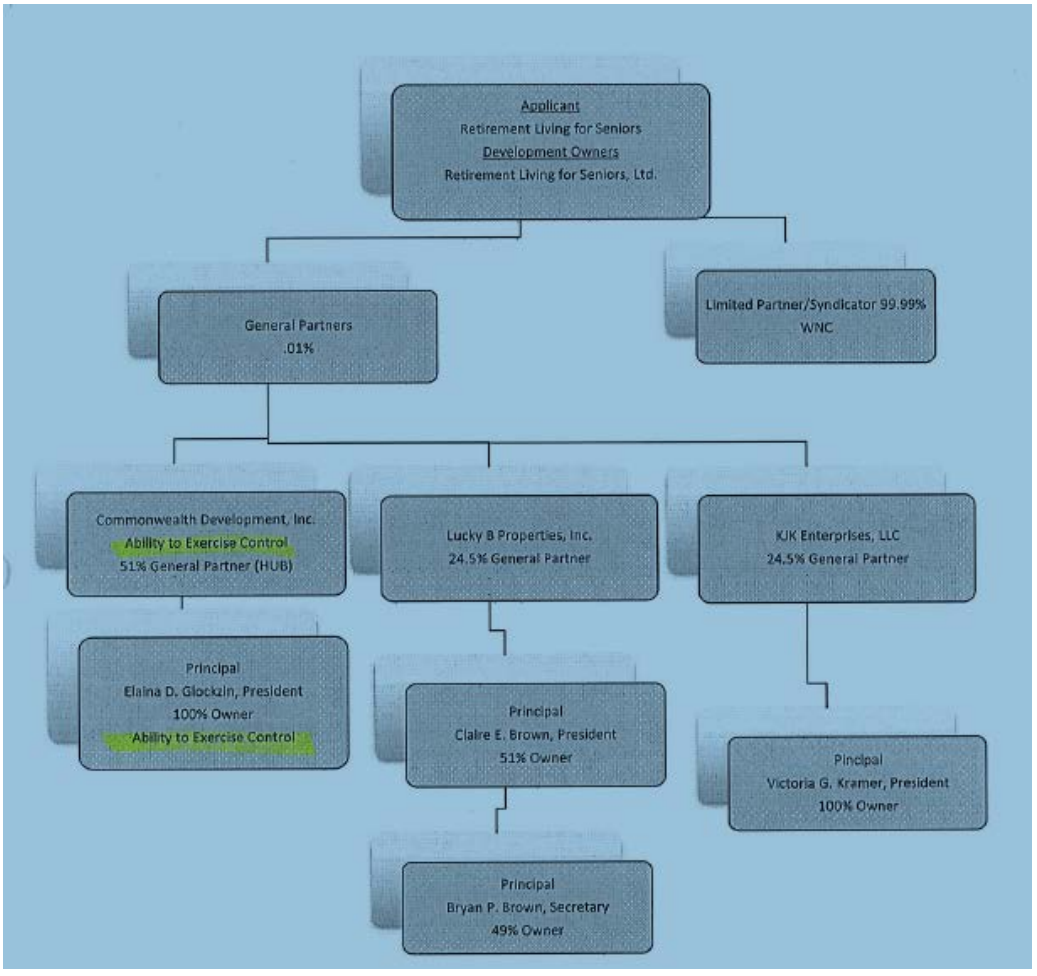
RISK PROFILE

STRENGTHS/MITIGATING FACTORS	
▫	Low Gross Capture Rates
▫	No new LIHTC properties since 2017
▫	Experienced Developer

WEAKNESSES/RISKS	
▫	High Expense to Income Ratio
▫	
▫	

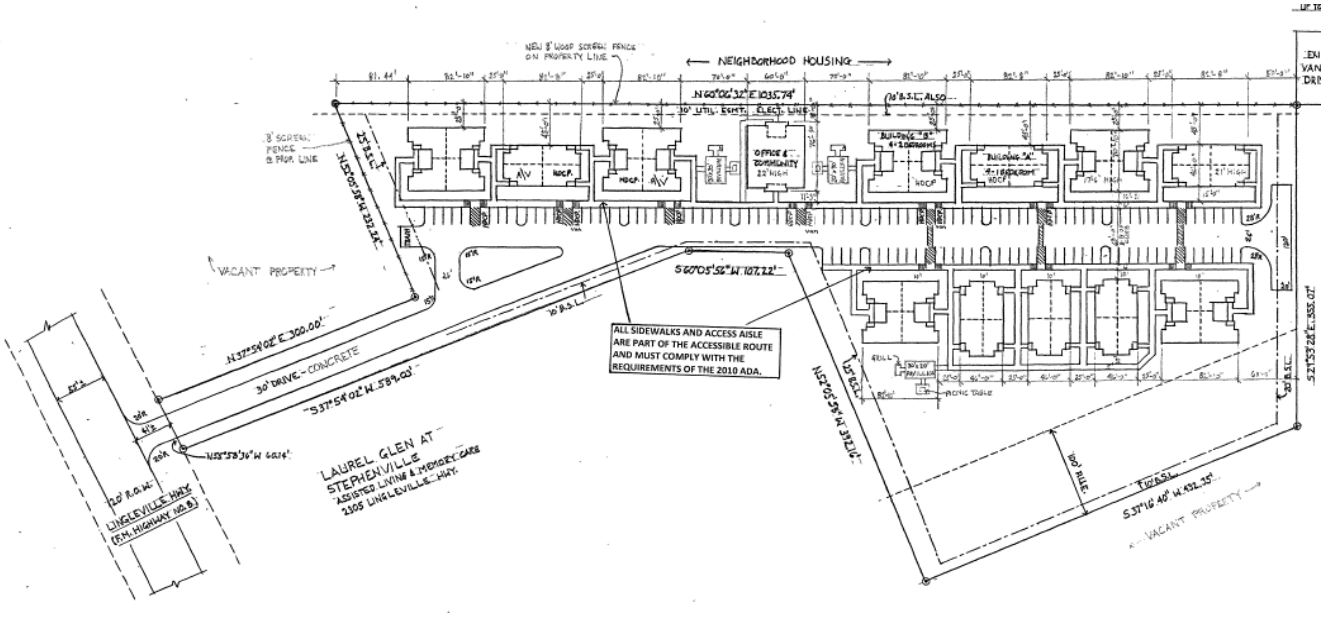
DEVELOPMENT TEAM

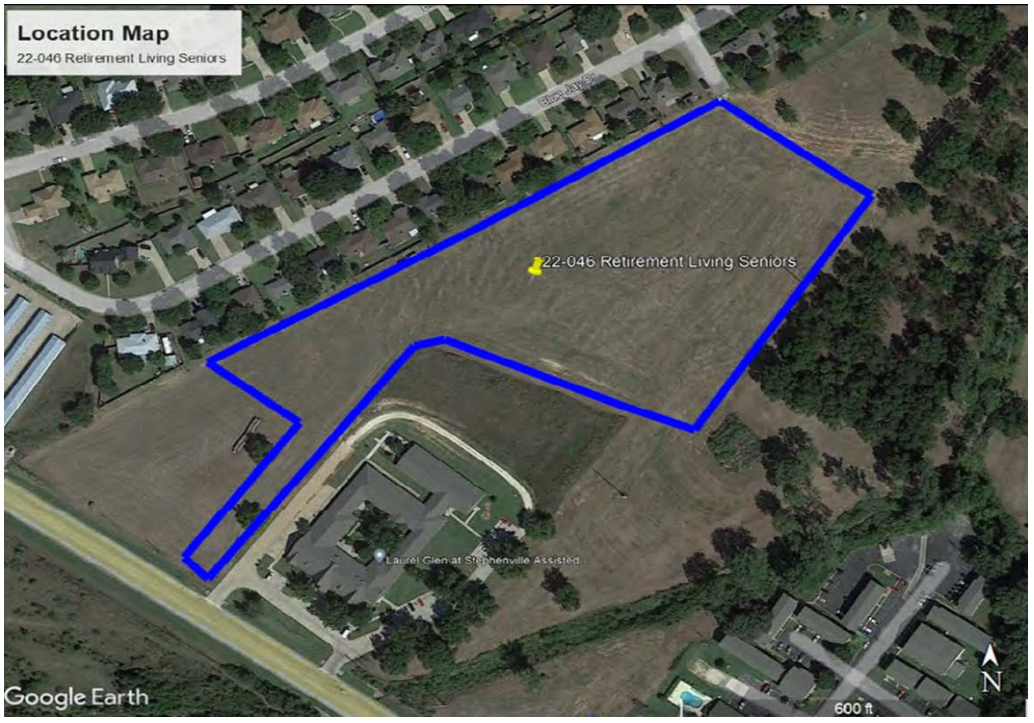
OWNERSHIP STRUCTURE



DEVELOPMENT SUMMARY

SITE PLAN

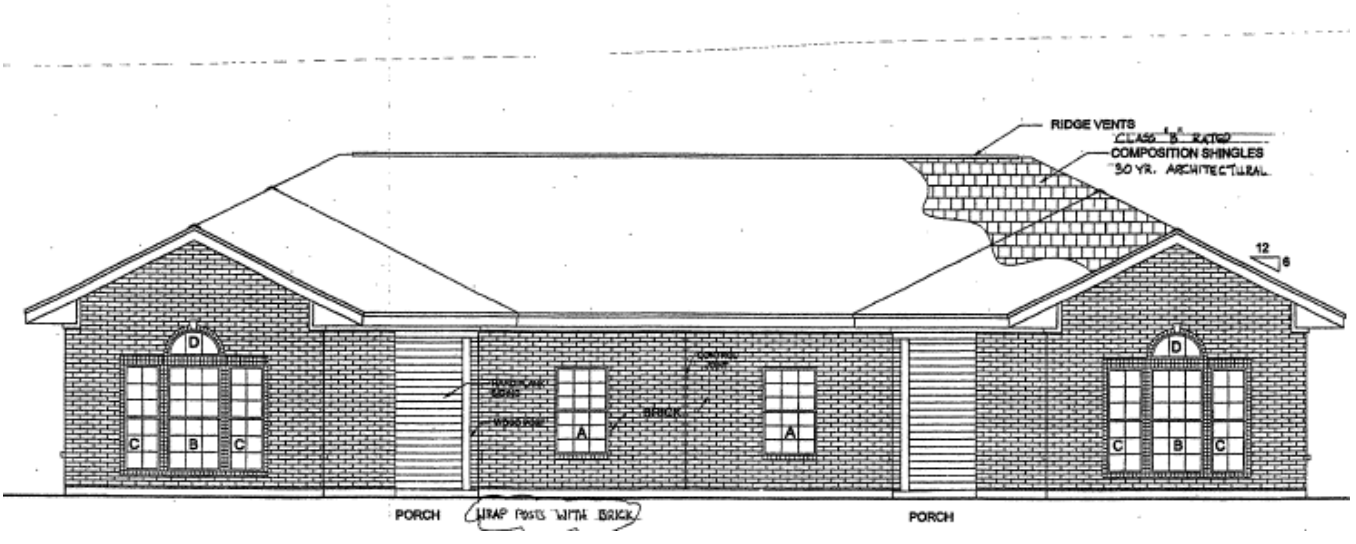




Comments:

City code requires 2 spaces per unit for a minimum of 96 spaces. The development has an additional 18 spaces for a total of 114 open surface space (2.4/unit). All parking will be free to the residents.

BUILDING ELEVATION



BUILDING CONFIGURATION

Building Type	A	B											**Total Buildings**
Floors/Stories	1	1											
Number of Bldgs	6	6											**12**
Units per Bldg	4	4											
Total Units	24	24											**48**

Avg. Unit Size (SF)	**925 sf**	**Total NRA (SF)**	**44,400**	**Common Area (SF)***	**4,076**

*Common Area Square Footage as specified on Architect Certification

SITE CONTROL INFO

Site Acreage: Development Site: 7.66 acres Density: 6.3 units/acre

Site Control: 10 **Site Plan:** 7.664 **Appraisal:** N/A **ESA:** 8.4

Feasibility Report Survey: 8.4 **Feasibility Report Engineer's Plan:** 8.4

Control Type: Unimproved Property Contract

Development Site: 7.66 acres Cost: $750,000 $15,625 per unit

Seller: Covenant Legacy, LLP

Buyer: Emanuel Glockzin and/or Assigns

Assignee: Commonwealth Development, Inc.

Related-Party Seller/Identity of Interest: No

SITE INFORMATION

Flood Zone:	X	Scattered Site?	No
Zoning:	R-1	Within 100-yr floodplain?	No
Re-Zoning Required?	Yes	Utilities at Site?	Yes
Year Constructed:	N/A	Title Issues?	No

Comments:

Zoning Amendment Application has been submitted to the City of Stephenville to change zoning from R-1 Single Family to R-3 Multifamily.

HIGHLIGHTS of ENVIRONMENTAL REPORTS

Provider: SMS Environmental & Ecological Services, Inc. Date: 2/17/2022

Recognized Environmental Conditions (RECs) and Other Concerns:

- None

MARKET ANALYSIS

Provider: Allen & Associates, Inc. Date: 3/17/2022

Primary Market Area (PMA): 37 sq. miles 3 mile equivalent radius

ELIGIBLE HOUSEHOLDS BY INCOME								
Erath County Income Limits								
HH Size		1	2	3	4	5	6	7+
30% AMGI	Min	$8,952	$8,952	$10,752	$10,752	---	---	---
	Max	$13,950	$15,960	$17,940	$19,920	---	---	---
50% AMGI	Min	$14,952	$14,952	$17,928	$17,928	---	---	---
	Max	$23,250	$26,600	$29,900	$33,200	---	---	---
60% AMGI	Min	$17,928	$17,928	$21,528	$21,528	---	---	---
	Max	$27,900	$31,920	$35,880	$39,840	---	---	---

AFFORDABLE HOUSING INVENTORY

Competitive Supply (Proposed, Under Construction, and Unstabilized)

File #	Development	In PMA?	Type	Target Population	Comp Units	Total Units
N/A	None	N/A	#N/A	#N/A	N/A	#N/A

Other Affordable Developments in PMA since 2017

N/A	None	#N/A	#N/A	N/A	#N/A

Stabilized Affordable Developments in PMA		
	Total Units	973
	Total Developments	13
	Average Occupancy	97%

OVERALL DEMAND ANALYSIS

	Market Analyst			
	HTC	Assisted		
Total Households in the Primary Market Area	16,375			
Senior Households in the Primary Market Area	6,579			
Potential Demand from the Primary Market Area	2,250			
10% External Demand	225			
GROSS DEMAND	2,475			
Subject Affordable Units	42			
Unstabilized Competitive Units	0			
RELEVANT SUPPLY	42			
Relevant Supply ÷ Gross Demand = GROSS CAPTURE RATE	**1.7%**			

Population:	Elderly Limitation	Market Area:	Rural	Maximum Gross Capture Rate:	10%

UNDERWRITING ANALYSIS of PMA DEMAND by AMGI BAND										
	Market Analyst									
AMGI Band	Demand	10% Ext	Subject Units	Comp Units	AMGI Band Capture Rate					
30% AMGI	451	45	12	0	2.4%					
50% AMGI	845	85	9	0	1.0%					
60% AMGI	954	95	21	0	2.0%					

UNDERWRITING ANALYSIS of PMA DEMAND by UNIT TYPE										
	Market Analyst									
Unit Type	Demand	10% Ext	Subject Units	Comp Units	Unit Capture Rate					
1 BR/30%	451	45	6	0	1%					
1 BR/50%	845	85	5	0	1%					
1 BR/60%	954	95	10	0	1%					
2 BR/30%	342	34	6	0	2%					
2 BR/50%	556	56	4	0	1%					
2 BR/60%	669	67	11	0	1%					

OPERATING PRO FORMA

SUMMARY- AS UNDERWRITTEN (Applicant's Pro Forma)					
NOI:	$123,275	Avg. Rent:	$630	Expense Ratio:	63.9%
Debt Service:	$89,088	B/E Rent:	$566	Controllable Expenses:	$2,774
Net Cash Flow:	$34,187	UW Occupancy:	92.5%	Property Taxes/Unit:	$729
Aggregate DCR:	1.38	B/E Occupancy:	83.2%	Program Rent Year:	2021

Since the project is financed with a Direct Loan as the senior debt, TDHCA rules allow the first year DCR to exceed the standard 1.35 threshold.

DEVELOPMENT COST EVALUATION

SUMMARY- AS UNDERWRITTEN (Applicant's Costs)					
Acquisition	$97,860/ac	$15,625/unit	**$750,000**	Contractor Fee	**$758,000**
Off-site + Site Work		$32,992/unit	**$1,583,615**	Soft Cost + Financing	**$1,169,361**
Building Cost	$92.34/sf	$85,417/unit	**$4,100,000**	Developer Fee	**$1,453,800**
Contingency	6.25%	$7,396/unit	**$355,000**	Reserves	**$250,000**
Total Development Cost	$217,079/unit	**$10,419,776**		**Rehabilitation Cost**	**N/A**
Qualified for 30% Basis Boost?	Rural [9% only]				

Site Work:

Site work costs exceed $15K/unit and shows $30K/unit. CPA provided a letter stating the $30K/unit is eligible.

Financing Cost:

Adjustment of $35,375 in eligible basis. Applicant claimed $50k for one year of construction loan interest. However, the calculated annual interest is $14k.

Developer Fee:

Adjustment of $7040 in eligible basis. The Fee has been reduced due to the adjustment in Financing Cost.

Credit Allocation Supported by Costs:

Total Development Cost	Adjusted Eligible Cost	Credit Allocation Supported by Eligible Basis
$10,419,776	**$8,680,561**	**$888,672**

UNDERWRITTEN CAPITALIZATION

INTERIM SOURCES				
Funding Source	**Description**	**Amount**	**Rate**	**LTC**
TDHCA-Repayable	Multifamily Direct Loan	$2,500,000	0.00%	24%
Prosperity Bank	Conventional Loan	$450,000	3.25%	4%
WNC	HTC	$7,244,276	$0.81	70%
City of Stephenville	Contribution	$250	0.00%	0%
Commonwealth Development, Inc.	Deferred Developer Fee	$37,750	0.00%	0%
Callaway Lumber	Direct Loan Match	$75,000	0.00%	1%
Torres Electrical Services	Direct Loan Match	$112,500	0.00%	1%
		$10,419,776	**Total Sources**	

Comments:

Applicant submitted a 0.50% MDL construction interest rate. The construction interest rate is underwritten at 0% per MDL Rule in §13.8(b)(2): No interest will accrue during the construction term.

PERMANENT SOURCES										
	PROPOSED				**UNDERWRITTEN**					
Debt Source	**Amount**	**Interest Rate**	**Amort**	**Term**	**Amount**	**Interest Rate**	**Amort**	**Term**	**LTC**
TDHCA-Repayable	$2,500,000	0.50%	40	40	$2,500,000	0.50%	40	30	24%
Prosperity Bank	$450,000	3.25%	40	15	$450,000	3.25%	40	15	4%
City of Stephenville	$250	0.00%	0	0	$250	0.00%	0	0	0%
Callaway Lumber	$75,000	0.00%	0	0	$75,000	0.00%	0	0	1%
Torres Electrical Services	$112,500	0.00%	0	0	$112,500	0.00%	0	0	1%
Total	**$3,137,750**				**$3,137,750**				

	PROPOSED			**UNDERWRITTEN**			
Equity & Deferred Fees	**Amount**	**Rate**	**% Def**	**Amount**	**Rate**	**% TC**	**% Def**
WNC	$7,244,276	$0.80		$7,153,098	$0.80	69%	
Commonwealth Development, Inc.	$37,750		3%	$128,928		1%	9%
Total	**$7,282,026**			**$7,282,026**			
				$10,419,776	**Total Sources**		

Credit Price Sensitivity based on current capital structure	
$0.809	Maximum Credit Price before the Development is oversourced and allocation is limited
$0.750	Minimum Credit Price below which the Development would be characterized as infeasible

CONCLUSIONS

Gap Analysis:	
Total Development Cost	$10,419,776
Permanent Sources (debt + non-HTC equity)	$3,137,750
Gap in Permanent Financing	$7,282,026

Possible Tax Credit Allocations:	Equity Proceeds	Annual Credits
Determined by Eligible Basis	$7,153,098	$888,672
Needed to Balance Sources & Uses	$7,282,026	$904,690
Requested by Applicant	$7,244,276	$900,000

	RECOMMENDATION	
	Equity Proceeds	Annual Credits
Tax Credit Allocation	**$7,153,098**	**$888,672**

	Amount
Multifamily Direct Loan	**$2,500,000**

Deferred Developer Fee	**$128,928**	**(9% deferred)**
Repayable in	**4 years**	

Recommendation:

Underwriter recommends $888,672 in annual 9% HTC as determined by Eligible Basis, and also recommends a $2.5M Multifamily Direct Loan at a 0.50% interest rate with a 40 year amortization and 30 year term.

Underwriter: *Eric Weiner*

Manager of Real Estate Analysis: *Gregg Kazak*

Director of Real Estate Analysis: *Jeanna Adams*

UNIT MIX/RENT SCHEDULE

Retirement Living for Seniors, Stephenville, 9% HTC/MDL #22269

LOCATION DATA	
CITY:	Stephenville
COUNTY:	Erath
Area Median Income	$67,500
PROGRAM REGION:	3
PROGRAM RENT YEAR:	2021

UNIT DISTRIBUTION				
# Beds	**# Units**	**% Total**	**Assisted**	**MDL**
Eff	-	0.0%	0	0
1	24	50.0%	0	11
2	24	50.0%	0	10
3	-	0.0%	0	0
4	-	0.0%	0	0
5	-	0.0%	0	0
TOTAL	**48**	**100.0%**	**-**	**21**

Pro Forma ASSUMPTIONS	
Revenue Growth	2.00%
Expense Growth	3.00%
Basis Adjust	130%
Applicable Fraction	87.50%
APP % Acquisition	4.00%
APP % Construction	9.00%
Average Unit Size	925 sf

49%	**Income**	20%	30%	40%	50%	60%	70%	80%	EO / MR	**TOTAL**
Average Income	**# Units**	-	12	-	9	21	-	-	6	**48**
	% Total	0.0%	25.0%	0.0%	18.8%	43.8%	0.0%	0.0%	12.5%	**100.0%**

UNIT MIX / MONTHLY RENT SCHEDULE

HTC		MF Direct Loan Units (HOME Rent/Inc)			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 30%	$373	30%/30%	$373		6	1	1	812	$373	$61	$312	$0	$0.38	$312	**$1,872**	**$1,872**	$312	**$0.38**	**$0**	$740	$0.91	$950
TC 50%	$623	LH/50%	$623		5	1	1	812	$623	$61	$562	$0	$0.69	$562	**$2,810**	**$2,810**	$562	**$0.69**	**$0**	$740	$0.91	$950
TC 60%	$747			1-Match HH60	10	1	1	812	$747	$61	$686	$0	$0.84	$686	**$6,860**	**$6,860**	$686	**$0.84**	**$0**	$740	$0.91	$950
MR					3	1	1	812	$0	$61		NA	$0.91	$740	**$2,220**	**$2,220**	$740	**$0.91**	**NA**	$740	$0.91	$950
TC 30%	$448	30%/30%	$448		6	2	1	1,038	$448	$83	$365	$0	$0.35	$365	**$2,190**	**$2,190**	$365	**$0.35**	**$0**	$896	$0.86	$1,175
TC 50%	$747	LH/50%	$747		4	2	1	1,038	$747	$83	$664	$0	$0.64	$664	**$2,656**	**$2,656**	$664	**$0.64**	**$0**	$896	$0.86	$1,175
TC 60%	$897				9	2	1	1,038	$897	$83	$814	$0	$0.78	$814	**$7,326**	**$7,326**	$814	**$0.78**	**$0**	$896	$0.86	$1,175
MR					3	2	1	1,038	$0	$83		NA	$0.86	$896	**$2,688**	**$2,688**	$896	**$0.86**	**NA**	$896	$0.86	$1,175
TC 60%	$897			1-Match HH60	2	2	1	1,038	$897	$83	$814	$0	$0.78	$814	**$1,628**	**$1,628**	$814	**$0.78**	**$0**	$896	$0.86	$1,175
TOTALS/AVERAGES:					**48**			**44,400**				**$0**	**$0.68**	**$630**	**$30,250**	**$30,250**	**$630**	**$0.68**	**$0**	**$818**	**$0.88**	**$1,063**

ANNUAL POTENTIAL GROSS RENT:	**$363,000**	**$363,000**	

*MFDL units float among unit type.

STABILIZED PRO FORMA

Retirement Living for Seniors, Stephenville, 9% HTC/MDL #22269

STABILIZED FIRST YEAR PRO FORMA

	COMPARABLES				APPLICANT				TDHCA				VARIANCE	
	Database	City Comps			% EGI	Per SF	Per Unit	Amount	Amount	Per Unit	Per SF	% EGI	%	$
POTENTIAL GROSS RENT						$0.68	$630	$363,000	$363,000	$630	$0.68		0.0%	$0
Application Fees							$10.00	$5,760						
Total Secondary Income							$10.00		$5,760	$10.00			0.0%	$0
POTENTIAL GROSS INCOME								$368,760	$368,760				0.0%	$0
Vacancy & Collection Loss							7.5% PGI	(27,657)	(27,657)	7.5% PGI			0.0%	-
Rental Concessions								-	-				0.0%	-
EFFECTIVE GROSS INCOME								$341,103	$341,103				0.0%	$0
General & Administrative	$28,669	$597/Unit	$24,232	$505	3.96%	$0.30	$281	$13,500	$13,500	$281	$0.30	3.96%	0.0%	-
Management	$25,186	5.2% EGI	$16,330	$340	4.98%	$0.38	$354	$17,000	$17,055	$355	$0.38	5.00%	-0.3%	(55)
Payroll & Payroll Tax	$50,365	$1,049/Unit	$74,493	$1,552	12.18%	$0.94	$865	$41,540	$41,540	$865	$0.94	12.18%	0.0%	-
Repairs & Maintenance	$37,929	$790/Unit	$32,985	$687	7.39%	$0.57	$525	$25,200	$31,200	$650	$0.70	9.15%	-19.2%	(6,000)
Electric/Gas	$13,252	$276/Unit	$7,073	$147	2.93%	$0.23	$208	$10,000	$10,368	$216	$0.23	3.04%	-3.5%	(368)
Water, Sewer, & Trash	$33,991	$708/Unit	$27,020	$563	12.58%	$0.97	$894	$42,908	$33,991	$708	$0.77	9.97%	26.2%	8,917
Property Insurance	$26,180	$0.59 /sf	$24,638	$513	5.57%	$0.43	$396	$19,000	$19,000	$396	$0.43	5.57%	0.0%	-
Property Tax (@ 100%) 2.0782	$35,908	$748/Unit	$25,337	$528	10.26%	$0.79	$729	$35,000	$33,152	$691	$0.75	9.72%	5.6%	1,848
Reserve for Replacements					3.52%	$0.27	$250	$12,000	$12,000	$250	$0.27	3.52%	0.0%	-
TDHCA Compliance fees ($40/HTC unit)					0.49%	$0.04	$35	$1,680	$1,680	$35	$0.04	0.49%	0.0%	-
TDHCA MDL Compliance ($34/MDL unit)					0.00%	$0.00	$0	$0	$0	$0	$0.00	0.00%	0.0%	-
TOTAL EXPENSES					**63.86%**	**$4.91**	**$4,538**	**$217,828**	**$213,486**	**$4,448**	**$4.81**	**62.59%**	**2.0%**	**$ 4,342**
NET OPERATING INCOME ("NOI")					**36.14%**	**$2.78**	**$2,568**	**$123,275**	**$127,617**	**$2,659**	**$2.87**	**37.41%**	**-3.4%**	**$ (4,342)**

CONTROLLABLE EXPENSES	$2,774/Unit		$2,721/Unit		

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Retirement Living for Seniors, Stephenville, 9% HTC/MDL #22269

DEBT / GRANT SOURCES

		APPLICANT'S PROPOSED DEBT/GRANT STRUCTURE							AS UNDERWRITTEN DEBT/GRANT STRUCTURE						
		Cumulative DCR												Cumulative	
DEBT (Must Pay)	**Fee**	**UW**	**App**	**Pmt**	**Rate**	**Amort**	**Term**	**Principal**	**Principal**	**Term**	**Amort**	**Rate**	**Pmt**	**DCR**	**LTC**
TDHCA-Repayable		1.83	1.77	$69,760	0.50%	40	40	$2,500,000	$2,500,000	30	40	0.50%	$68,971	1.79	24.0%
Prosperity Bank		1.37	1.32	$23,710	3.25%	40	15	$450,000	$450,000	15	40	3.25%	$20,117	1.38	4.3%
CASH FLOW DEBT / GRANTS															
City of Stephenville		1.37	1.32		0.00%	0	0	$250	$250	0	0	0.00%		1.38	0.0%
Callaway Lumber		1.37	1.32		0.00%	0	0	$75,000	$75,000	0	0	0.00%		1.38	0.7%
Torres Electrical Services		1.37	1.32		0.00%	0	0	$112,500	$112,500	0	0	0.00%		1.38	1.1%
				$93,470	**TOTAL DEBT / GRANT SOURCES**			**$3,137,750**	**$3,137,750**	**TOTAL DEBT SERVICE**			**$89,088**	**1.38**	30.1%

NET CASH FLOW	$34,147	$29,805	**APPLICANT**	**NET OPERATING INCOME**	**$123,275**	**$34,187**	**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**
WNC	LIHTC Equity	69.5%	$900,000	$0.80	$7,244,276	$7,153,098	$0.80	$888,672	68.6%	$18,514	Eligible Basis
Commonwealth Development, Inc.	Deferred Developer Fees	0.4%	(3% Deferred)		$37,750	$128,928	(9% Deferred)		1.2%	**Total Developer Fee:**	**$1,453,800**
Additional (Excess) Funds Req'd		0.0%				$0			0.0%		
TOTAL EQUITY SOURCES		69.9%			$7,282,026	$7,282,026			69.9%		

TOTAL CAPITALIZATION	**$10,419,776**	**$10,419,776**			**15-Yr Cash Flow after Deferred Fee:**	**$404,412**

DEVELOPMENT COST / ITEMIZED BASIS

	APPLICANT COST / BASIS ITEMS					TDHCA COST / BASIS ITEMS					COST VARIANCE	
	Eligible Basis								Eligible Basis			
	Acquisition	**New Const. Rehab**	**Total Costs**			**Total Costs**			**New Const. Rehab**	**Acquisition**	%	$
Land Acquisition			$15,625 / Unit		$750,000	$750,000	$15,625 / Unit				0.0%	$0
Off-Sites			$ / Unit		$0	$0	$ / Unit				0.0%	$0
Site Work		$1,433,615	$29,867 / Unit		$1,433,615	$1,433,615	$29,867 / Unit		$1,433,615		0.0%	$0
Site Amenities		$150,000	$3,125 / Unit		$150,000	$150,000	$3,125 / Unit		$150,000		0.0%	$0
Building Cost		$3,493,200	$92.34 /sf	$85,417/Unit	$4,100,000	$4,329,508	$90,198/Unit	$97.51 /sf	$3,493,200		-5.3%	($229,508)
Contingency		$355,000	6.99%	6.25%	$355,000	$355,000	6.00%	6.99%	$355,000		0.0%	$0
Contractor Fees		$758,000	13.95%	12.55%	$758,000	$758,000	12.09%	13.95%	$758,000		0.0%	$0
Soft Costs	$0	$789,361	$16,445 / Unit		$789,361	$789,361	$16,445 / Unit		$789,361	$0	0.0%	$0
Financing	$0	$290,000	$7,917 / Unit		$380,000	$380,000	$7,917 / Unit		$254,625	$0	0.0%	$0
Developer Fee	$0	$1,453,800	20.00%	18.46%	$1,453,800	$1,453,800	18.01%	20.00%	$1,446,760	$0	0.0%	$0
Reserves			10 Months		$250,000	$250,000	10 Months				0.0%	$0
TOTAL HOUSING DEVELOPMENT COST (UNADJUSTED BASIS)	**$0**	**$8,722,976**	$217,079 / Unit		**$10,419,776**	**$10,649,284**	$221,860 / Unit		**$8,680,561**	**$0**	**-2.2%**	**($229,508)**
Acquisition Cost	$0				$0							
Contingency		$0			$0							
Contractor's Fee		$0			$0							
Financing Cost		($35,375)										
Developer Fee	$0	($7,040)	20.00%		$0							
Reserves					$0							
ADJUSTED BASIS / COST	**$0**	**$8,680,561**	$217,079/unit		**$10,419,776**	**$10,649,284**	$221,860/unit		**$8,680,561**	**$0**	**-2.2%**	**($229,508)**

TOTAL HOUSING DEVELOPMENT COSTS (Applicant's Uses are within 5% of TDHCA Estimate):	**$10,419,776**

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Retirement Living for Seniors, Stephenville, 9% HTC/MDL #22269

CREDIT CALCULATION ON QUALIFIED BASIS

	Applicant		TDHCA	
	Acquisition	Construction Rehabilitation	Acquisition	Construction
ADJUSTED BASIS	$0	$8,680,561	$0	$8,680,561
Deduction of Federal Grants	$0	$0	$0	$0
TOTAL ELIGIBLE BASIS	$0	$8,680,561	$0	$8,680,561
High Cost Area Adjustment		130%		130%
TOTAL ADJUSTED BASIS	$0	$11,284,730	$0	$11,284,730
Applicable Fraction	87.50%	87.50%	88%	88%
TOTAL QUALIFIED BASIS	$0	$9,874,138	$0	$9,874,138
Applicable Percentage	4.00%	9.00%	4.00%	9.00%
ANNUAL CREDIT ON BASIS	$0	$888,672	$0	$888,672
CREDITS ON QUALIFIED BASIS	$888,672		$888,672	

	ANNUAL CREDIT CALCULATION BASED ON APPLICANT BASIS		FINAL ANNUAL LIHTC ALLOCATION		
			Credit Price $0.8049	Variance to Request	
Method	Annual Credits	Proceeds	Credit Allocation	Credits	Proceeds
Eligible Basis	$888,672	$7,153,098	**$888,672**	**($11,328)**	**($91,178)**
Needed to Fill Gap	$904,690	$7,282,026	**----**	**----**	**----**
Applicant Request	$900,000	$7,244,276	**----**	**----**	**----**

BUILDING COST ESTIMATE

CATEGORY	FACTOR	UNITS/SF	PER SF	
Base Cost:	Fourplex	44,400 SF	$80.60	3,578,609
Adjustments				
Exterior Wall Finish	7.20%		5.80	$257,660
Elderly	3.00%		2.42	107,358
9-Ft. Ceilings	3.90%		3.14	139,566
Roof Adjustment(s)			4.82	213,834
Subfloor			(3.22)	(142,968)
Floor Cover			2.82	125,208
Breezeways	$0.00	0	0.00	0
Balconies	$27.47	2,642	1.63	72,576
Plumbing Fixtures	$1,090	0	0.00	0
Rough-ins	$535	96	1.16	51,360
Built-In Appliances	$1,880	48	2.03	90,240
Exterior Stairs	$2,460	0	0.00	0
Heating/Cooling			2.37	105,228
Storage Space	$0.00	252	0.00	0
Carports	$13.00	0	0.00	0
Garages		0	0.00	0
Common/Support Area	$98.61	3,491	7.75	344,260
Elevators		0	0.00	0
Other:			0.00	0
Fire Sprinklers	$2.88	48,143	3.12	138,652
SUBTOTAL			**114.45**	**5,081,582**
Current Cost Multiplier	1.00		0.00	0
Local Multiplier	1.00		0.00	0
Reserved				0
TOTAL BUILDING COSTS			**114.45**	**$5,081,582**
Plans, specs, survey, bldg permits	3.30%		(3.78)	($167,692)
Contractor's OH & Profit	11.50%		(13.16)	(584,382)
NET BUILDING COSTS		$90,198/unit	$97.51/sf	$4,329,508

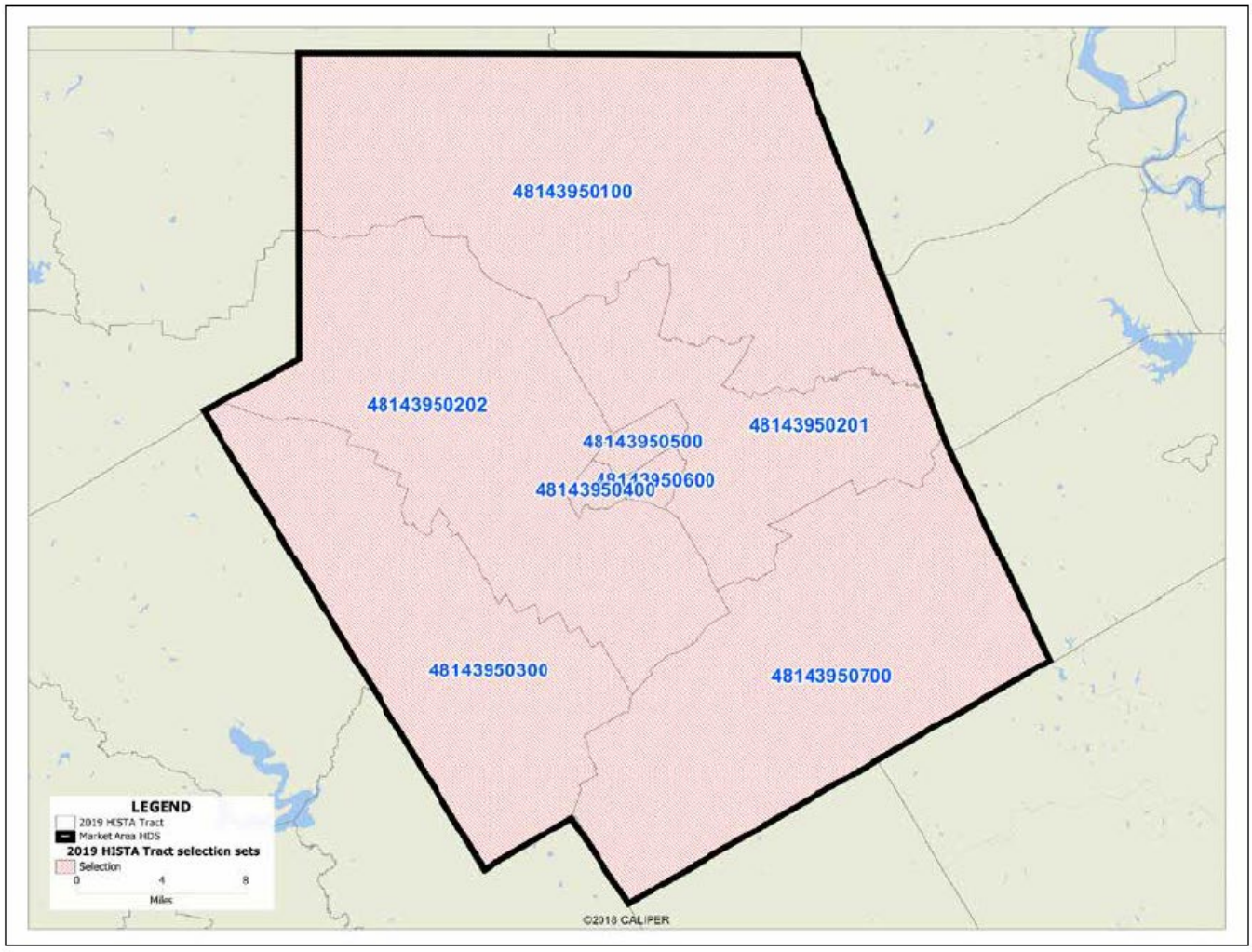
Long-Term Pro Forma

Retirement Living for Seniors, Stephenville, 9% HTC/MDL #22269

	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%	$341,103	$347,925	$354,884	$361,981	$369,221	$407,650	$450,078	$496,923	$548,643	$605,746	$668,792	$738,401
TOTAL EXPENSES	3.00%	$217,828	$224,193	$230,745	$237,491	$244,435	$282,352	$326,202	$376,919	$435,585	$503,454	$581,975	$672,828
NET OPERATING INCOME ("NOI")		**$123,275**	**$123,732**	**$124,138**	**$124,491**	**$124,786**	**$125,298**	**$123,877**	**$120,004**	**$113,057**	**$102,292**	**$86,818**	**$65,573**
EXPENSE/INCOME RATIO		63.9%	64.4%	65.0%	65.6%	66.2%	69.3%	72.5%	75.9%	79.4%	83.1%	87.0%	91.1%
MUST -PAY DEBT SERVICE													
TDHCA-Repayable		$68,971	$68,971	$68,971	$68,971	$68,971	$68,971	$68,971	$68,971	$68,971	$68,971	$68,971	$68,971
Prosperity Bank		$20,117	$20,117	$20,117	$20,117	$20,117	$20,117	$20,117	$20,117	$20,117	$20,117	$20,117	$20,117
TOTAL DEBT SERVICE		$89,088	$89,088	$89,088	$89,088	$89,088	$89,088	$89,088	$89,088	$89,088	$89,088	$89,088	$89,088
DEBT COVERAGE RATIO		1.38	1.39	1.39	1.40	1.40	1.41	1.39	1.35	1.27	1.15	0.97	0.74
ANNUAL CASH FLOW		**$34,187**	**$34,644**	**$35,050**	**$35,402**	**$35,697**	**$36,210**	**$34,788**	**$30,915**	**$23,969**	**$13,204**	**($2,270)**	**($23,516)**
Deferred Developer Fee Balance		$94,741	$60,097	$25,047	$0	$0	$0	$0	$0	$0	$0	$0	$0
CUMULATIVE NET CASH FLOW		$0	$0	$0	$10,355	$46,052	$226,758	$404,412	$567,831	$702,938	$792,181	$813,860	$741,316

22269 Retirement Living for Seniors PMA Map

Market Area



Disclaimer: This map is not a survey. Boundaries, distance and scale are approximate only.

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1181 **Agenda Date:** 10/9/2025 **Agenda #:** 27.

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 Retreat at Esther

RECOMMENDED ACTION

WHEREAS, Retreat at Esther was awarded 9% housing tax credits during the 2024 Competitive Housing Tax Credit cycle;

WHEREAS, the Development Owner executed a Carryover Allocation Agreement that included certifications stating each building receiving an allocation would be placed in service by December 31, 2026;

WHEREAS, the Development Owner has requested an extension to the placement-in-service deadline under 10 TAC §11.6(5), related to Credit Returns Resulting from Force Majeure Events;

WHEREAS, the Department lacks authority to extend federal placement-in-service deadlines and may only reset such deadlines by requiring the credits to be returned and immediately reallocated to the Development, as permitted solely under the force majeure provision of the Qualified Allocation Plan (QAP); and

WHEREAS, the Development Owner has submitted documentation demonstrating that a qualifying force majeure event has occurred;

NOW, therefore, it is hereby

RESOLVED, that the request to treat the matter under the force majeure provisions of 10 TAC §11.6(5) is approved, and that the 2024 Qualified Allocation Plan, Uniform Multifamily Rules, and the 2025 Program Calendar shall be applicable to the Development.

BACKGROUND

Development	Retreat at Esther
Target Population	Elderly
HTC Award	$2,000,000
City	Houston
Total Units	103

HTC Units	103
Initial Year of Award	2024
Extension Requested	Six months

Retreat at Esther is a 103-unit development located in Houston, Harris County. The development received an award of 9% Housing Tax Credits in 2024. As a result, the current deadline to place in service in December 31, 2026.

The Development has experienced delays due to disruptions in the equity market and complications surrounding new funding sources. The project received an equity quote of $0.87 at the time of application, but the market slowed significantly later in the year, and credit pricing dropped into the $0.70 - $0.79 range. The Applicant was only able to secure an equity commitment at $0.80 in June 2025. This shortfall in credit pricing resulted in a significant funding gap. To address this, the Applicant pursued and was awarded City of Houston HOME funds. While the award allows the project to remain financially feasible, adding a new federal funding source has delayed closing and introduced additional requirements. The project is now expected to close in late October/early November 2025. Following the closing, the project anticipates a 14-month construction timeline, with expected completion by February 2027, which extends beyond the original deadline. To accommodate these delays, the Developer is requesting a six-month extension of the placed-in-service deadline.

APPLICABLE RULE

Under 10 TAC §11.6(5), a Development Owner may return credits and receive a reallocation outside the standard allocation process if the return is the result of a qualifying force majeure event occurring prior to issuance of IRS Form(s) 8609. Pursuant to 10 TAC §11.6(5), the Department's Governing Board may approve execution of a Carryover Allocation Agreement for the current program year with the Development Owner that returned the credits, but only if the following conditions are met:

> (A) The credits were returned as a result of "Force Majeure" events that occurred before issuance of Forms 8609. Force Majeure events are the following sudden and unforeseen circumstances outside the control of the Development Owner: acts of God such as fire, tornado, flooding, significant and unusual rainfall or subfreezing temperatures, or loss of access to necessary water or utilities as a direct result of significant weather events; explosion; vandalism; orders or acts of military authority; unrelated party litigation; changes in law, rules, or regulations; national emergency or insurrection; riot; acts of terrorism; supplier failures; or materials or labor shortages. If a Force Majeure event is also a presidentially declared disaster, the Department may treat the matter under the applicable federal provisions. Force Majeure events must make construction activity impossible or materially impede its progress.

Staff has reviewed this request and determined that the significant drop in equity pricing and

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subsequent complications surrounding obtaining new funding sources constitute a force majeure event under the rules.

IMPACT OF BOARD DECISION

If the Board approves the request:

- The credits will be returned and reallocated, with the 2024 Qualified Allocation Plan, Uniform Multifamily Rules, and the 2025 Program Calendar applicable to the Development.
- A new Carryover Allocation Agreement will be executed.
- The new 10% Test deadline will be July 1, 2026.
- The new placed-in-service deadline will be June 30, 2026.

If the Board denies the request:

- The current placed-in-service deadline of December 31, 2026, remains in place.
- The Development Owner may either meet the existing deadline, return the credits, or have the award terminated for failing to meet the deadline.
- Returned credits will first be reallocated within the original subregion in accordance with 10 TAC §11.6(2). If no pending applications are eligible within the subregion, the credits will be added to the statewide collapse for reallocation.

This request has no impact on any funding source other than the Low Income Housing Tax Credit program.

RECOMMENDATION

Staff recommends approval of the request to return and reallocate tax credits for Retreat at Esther under the force majeure provisions of 10 TAC §11.6(5).

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HOUSTON RE, LP
11 Greenway Plaza, Suite 3150
Houston, TX 77046

September 11, 2025

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

Re: TDHCA #24119; Retreat at Esther Placed in Service Extension Request

Dear Mr. Campbell,

Houston RE, LP was awarded 2024 9% Housing Tax Credits for the development of Retreat at Esther, a 103-unit new construction community for senior residents located in the historic Acres Homes neighborhood of Northwest Houston.

Since the award, the project faced unforeseen delays in the progress including the securing of equity commitments, a decline in equity pricing and federal jurisdictional requirements from unexpected funding commitments. Despite the delays the applicant has remained committed to the project and has pursued various ways to resolve the issues affecting a timely financial closing. However, the collective number of setbacks have impacted the date of closing, construction completion, and our requirement to place the project in service by December 31, 2026.

Houston RE, LP respectfully requests a 6-month extension of the placement in service deadline to June 30, 2027, TAC §11.6(5), recognizing the following force majeure events:

LIHTC Equity. After the completion of the 2024 9% tax credit cycle several equity syndicators were hesitant to finalize their participation as they awaited clarity on the 2024 Presidential Election. More specifically we were informed by Affordable Housing Partners (Berkshire Hathaway affiliate) in September 2024 that they were not providing letters of intent for new projects until the completion of the 2024 Presidential Election cycle, and clarity of the economic and tax policies of the incoming federal administration. As a result of this the overall equity environment slowed in providing equity commitments. Once we passed the threshold of the election cycle, and reached out to equity syndicators on interest for the project we received quotes of $0.78 per credit. This was significantly lower than the quotes of $0.87 per credit we received at the time of our application. In early June of 2025 we were successful in attaining an equity commitment from National Affordable Housing Trust in an amount of $0.80 per credit. While grateful for the commitment considering the equity environment, this was still lower than the credit pricing we underwrote in our application. This shortfall in credit pricing resulted in a significant funding gap.

45L Equity. At the time of our application, we also were pursuing an Energy-star certification for the project in order to attain 45L tax credits which provides credits/equity for including energy efficient measures within the project. With the passing of H.R.1 (One Big Beautiful Bill) the 45L tax credits have been terminated as a source as the Bill requires that the project be completed by June 2026 to be eligible for the credits.

City of Houston HOME Funds. The applicant applied for HOME Funds through the City of Houston's 2024 Multifamily (NOFA) II Solicitation released by the City on October 24, 2024. Unfortunately, in November of 2024 we were informed that our project would not receive an award. Unexpectedly in July 2025 we were informed by the City that one of the projects that received an award was no longer moving forward and that Retreat at Esther was next in line to receive an award. Due to the reduction in LIHTC equity pricing and 45L tax credits no longer being a viable source, the applicant made the decision to accept the award. As a prerequisite to approval of the HOME Funds, we are required to attain Part 58 environmental clearance, and include generators within the project. AEI Consultants was engaged in August and on September 5, 2025 provided the City of Houston the information needed to start the environmental clearance process. The overall process will take 30 – 45-days considering the required posting notifications and obtaining City Council approval. We are expecting to complete the process by middle of October 2025, and subsequently obtain City Council approval. We completed the permitting process in June 2025; however, the redesign of the project to accommodate the required generators has since been completed, and revised plans were resubmitted to the City for review on August 29, 2025.

The above-mentioned shortfalls in equity pricing and termination of possible sources were not caused by an act or negligence of the applicant. Once a viable source (HOME Funds) was secured we immediately engaged all the necessary parties to complete the requirements needed to obtain approval.

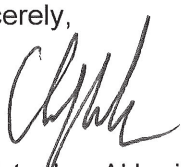
The applicant, lender, investor, and City of Houston are currently working steadfastly towards putting the project in a position to close as soon as the environmental clearance and City Council approval are received. We are currently tracking a late October/early November 2025 closing for the Retreat at Esther. Considering a fourteen (14) month construction timeline, the project would be placed in service by February 2027 which is beyond the December 31, 2026 deadline. for a 2024 LIHTC allocation. The approval of this placed in service extension request will allow the project to proceed with its financial closing, as it is currently in jeopardy as the investor is considering not allowing the project to close without assurance of an extension. The extension approval will appease the concerns of the equity investor regarding the project's ability to complete the project in a realistic timeframe and meet the placed in-service deadline.

Retreat at Esther is supported by the City of Houston as recognized by the receipt of the HOME Funds award, and letter of support from Councilmember Tarsha Jackson whose district is where the project resides.

Houston RE, LP respectfully requests the approval of this force majeure extension request, and that this matter be considered at the October 9, 2025, Board Meeting.

If additional information is needed, please email me at apps@itexgrp.com.

Sincerely,



Christopher Akbari
Authorized Representative
Houston RE, LP

TARSHA JACKSON
Houston City Council District B

September 9, 2025

Tarsha Jackson
Houston City Council, District B
900 Bagby Street, 1st Floor
Houston, Texas 77002
(832) 393-3009 | districtb@houstontx.gov

Bobby Wilkinson
Executive Director
Texas Department of Housing and Community Affairs (TDHCA)
221 East 11th Street
Austin, TX 78711-2410

Re: Application No. 24119 – Retreat at Esther; Support for Placed-in-Service Extension Request

Dear Mr. Wilkinson,
As Houston City Council Member for District B, I am writing in support of Houston RE, LP's request for an extension to the placed-in-service deadline for Retreat at Esther (Application #24119). This 103-unit senior housing community, located in the Acres Homes neighborhood, is an essential project that will expand access to safe, high-quality, and affordable homes for our seniors.

I recognize that the development team has encountered significant challenges in securing timely equity commitments due to broader market uncertainty. In addition, we understand that with the recent awarding of HOME funds from the City's Housing Department the developer needs to fulfill additional requirements in order to attain Council approval on the funds. These factors, have slowed progress despite the developer's active efforts to move the project forward.

Approving a modest extension of the placed-in-service deadline will ensure that Retreat at Esther can move to completion and begin serving seniors in Acres Homes. The project aligns with the City of Houston's housing priorities and supports our community's long-term goals of revitalization, stability, and equitable access to housing for older residents on fixed incomes.

I respectfully urge the Governing Board of TDHCA to approve this extension request. The successful completion of Retreat at Esther will provide lasting benefits for Acres Homes and contribute meaningfully to the health and vitality of District B.

Thank you for your consideration and your continued commitment to supporting affordable housing across Texas.

Sincerely,

Tarsha Jackson
Councilmember, District B
Houston City Council

Docusign Envelope ID: 562E9A2A-9167-4950-9035-F1A811570B9E

CITY OF HOUSTON
Housing & Community Development Department

John Whitmire
Mayor

Michael C. Nichols
Director
2100 Travis, 9th Floor
Houston, Texas 77002

T. (832) 394-6200
F. (832) 395-9662
www.houstontx.gov/housing

July 23, 2025

Houston RE, LP
9 Greenway Plaza, Suite 1250
Houston, TX 77046

Dear Samson Babalola:

Thank you for applying to the 2024 HOME Multifamily Notice of Funding Availability (NOFA) II: Solicitation No.: N091824. This correspondence serves as formal notice that your application has advanced and is now recommended for funding in the amount of $4,000,000 in HOME funds.

Please be advised that the award recommendation is subject to underwriting and contract negotiations. If either of these processes proves unsuccessful, the award recommendation will be terminated, and another applicant will be chosen.

Housing and Community Development Department's program staff will contact you to begin negotiations and outline the next steps.

We appreciate your application and applaud your pursuit to develop affordable housing in Houston.

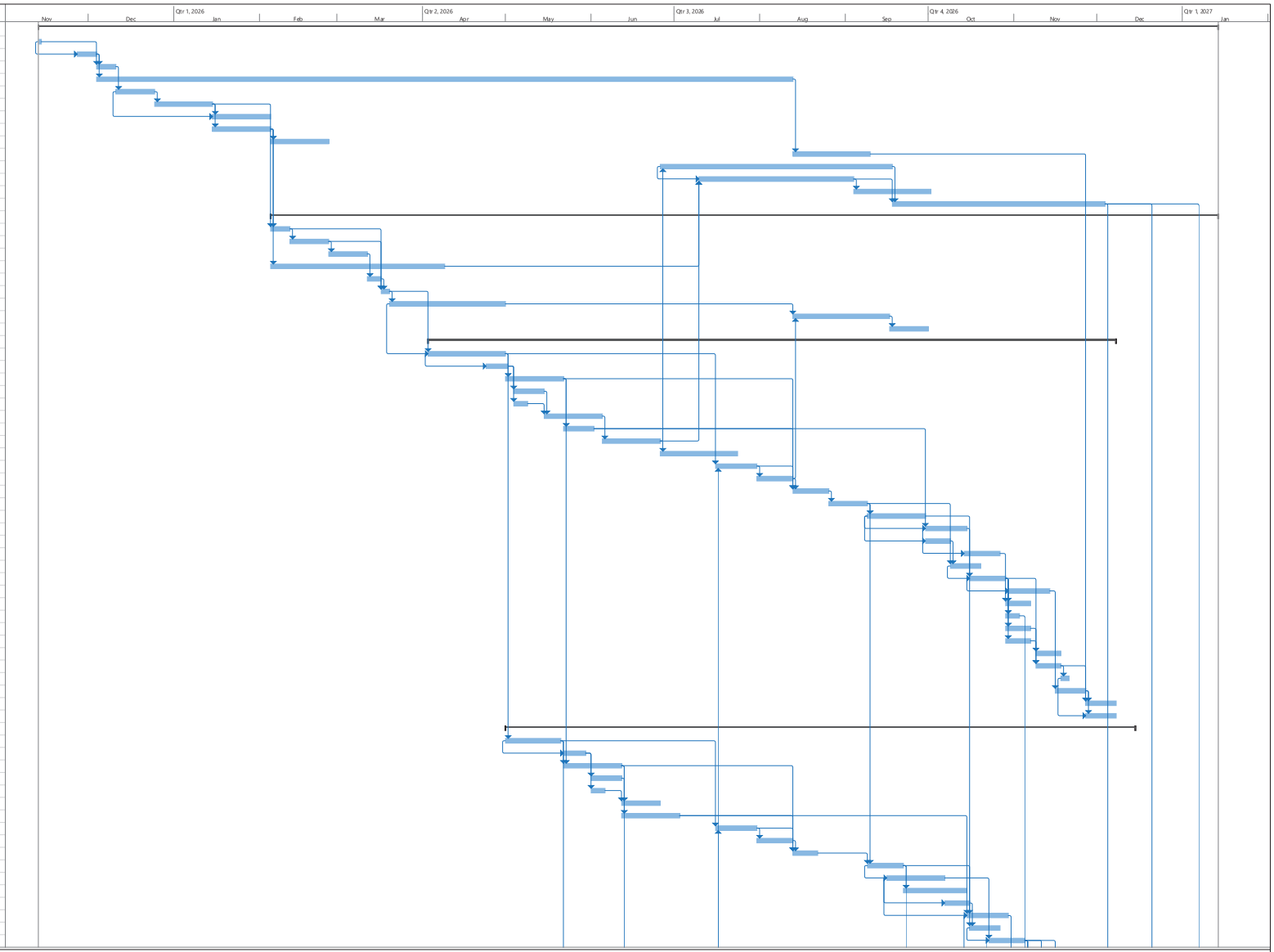
Sincerely,

DocuSigned by:
Jamila Glover
566E746F313247D...

Jamila Glover
Senior Division Manager
Finance

Council Members: Amy Peck Tarsha Jackson Abbie Kamin Carolyn Evans-Shabazz Fred Flickinger Tiffany D. Thomas Mary Nan Huffman Mario Castillo
Joaquin Martinez Edward Pollard Martha Castex-Tatum Julian Ramirez Willie R. Davis Twila Carter Letitia Plummer Sallie Alcorn
Controller: Chris Hollins

ID	Task Mode	Task Name	Duration	Start	Finish
1		**Retreat at Esther - Houston**	**305 days**	**Thu 11/13/25**	**Wed 1/13/27**
2		Notice to Proceed	1 day	Thu 11/13/25	Thu 11/13/25
3		Mobilization	5 days	Thu 11/27/25	Wed 12/3/25
4		Layout / Testing	5 days	Thu 12/4/25	Wed 12/10/25
5		Generator procurement	180 days	Thu 12/4/25	Wed 8/12/26
6		Clear and Grub Site	10 days	Thu 12/11/25	Wed 12/24/25
7		Earthwork & Rough Grading	15 days	Thu 12/25/25	Wed 1/14/26
8		Detention Pond	15 days	Thu 1/15/26	Wed 2/4/26
9		On Site Utilities	15 days	Thu 1/15/26	Wed 2/4/26
10		Generator Pad & Sleeves	15 days	Thu 2/5/26	Wed 2/25/26
11		Generator installation and connections	20 days	Thu 8/13/26	Wed 9/9/26
12		**Pool**	60 days	Fri 6/26/26	Thu 9/17/26
13		**Flatwork - Follow up**	40 days	Fri 7/10/26	Thu 9/3/26
14		**Fencing**	20 days	Fri 9/4/26	Thu 10/1/26
15		**Landscaping & Irrigation**	55 days	Fri 9/18/26	Thu 12/3/26
16		**Building Construction**	**245 days**	**Thu 2/5/26**	**Wed 1/13/27**
17		Building Pad Prep	5 days	Thu 2/5/26	Wed 2/11/26
18		Underslab MEP (for units)	10 days	Thu 2/12/26	Wed 2/25/26
19		Foundation (Footers / Beams / Rebar	10 days	Thu 2/26/26	Wed 3/11/26
20		Fire Lane & Access Paving	45 days	Thu 2/5/26	Wed 4/8/26
21		Pest Treatment	3 days	Thu 3/12/26	Mon 3/16/26
22		Foundation Pour	3 days	Tue 3/17/26	Thu 3/19/26
23		Elevator (CMU Towers)	30 days	Fri 3/20/26	Thu 4/30/26
24		Elevators	25 days	Thu 8/13/26	Wed 9/16/26
25		Elevator Trims	10 days	Thu 9/17/26	Wed 9/30/26
26		**1st floor + Amenity / Common Area**	**177 days**	**Fri 4/3/26**	**Mon 12/7/26**
27		Framing & Rough Carpentry	20 days	Fri 4/3/26	Thu 4/30/26
28		Waterproofing	6 days	Fri 4/24/26	Fri 5/1/26
29		Plumbing Roughs	15 days	Fri 5/1/26	Thu 5/21/26
30		Windows	9 days	Mon 5/4/26	Thu 5/14/26
31		Exterior Doors	5 days	Mon 5/4/26	Fri 5/8/26
32		Siding	15 days	Fri 5/15/26	Thu 6/4/26
33		Fire Protection Rough	7 days	Fri 5/22/26	Mon 6/1/26
34		Masonry	15 days	Fri 6/5/26	Thu 6/25/26
35		Storefront	20 days	Fri 6/26/26	Thu 7/23/26
36		Mechanical Roughs	11 days	Thu 7/16/26	Thu 7/30/26
37		Electrical Roughs	9 days	Fri 7/31/26	Wed 8/12/26
38		Insulation	9 days	Thu 8/13/26	Tue 8/25/26
39		Drywall	10 days	Wed 8/26/26	Tue 9/8/26
40		Paint - Walls	15 days	Wed 9/9/26	Tue 9/29/26
41		Cabinets	11 days	Wed 9/30/26	Wed 10/14/26
42		Interior Doors	7 days	Wed 9/30/26	Thu 10/8/26
43		Countertops	9 days	Wed 10/14/26	Mon 10/26/26
44		Finish Carpentry	7 days	Fri 10/9/26	Mon 10/19/26
45		Paint - Finish	9 days	Fri 10/16/26	Wed 10/28/26
46		Ceramic Tile	11 days	Fri 10/30/26	Fri 11/13/26
47		Appliances	7 days	Thu 10/29/26	Fri 11/6/26
48		Resilient Flooring	3 days	Thu 10/29/26	Mon 11/2/26
49		Electrical Trims	7 days	Thu 10/29/26	Fri 11/6/26
50		Fire Protection Trims	7 days	Thu 10/29/26	Fri 11/6/26
51		Mechanical Trims	7 days	Mon 11/9/26	Tue 11/17/26
52		Light Fixtures	7 days	Mon 11/9/26	Tue 11/17/26
53		Window Coverings	3 days	Wed 11/18/26	Fri 11/20/26
54		Plumbing Trims	9 days	Mon 11/16/26	Thu 11/26/26
55		Inspections	7 days	Fri 11/27/26	Mon 12/7/26
56		Punchlist	7 days	Fri 11/27/26	Mon 12/7/26
57		**2nd floor**	**162 days**	**Fri 5/1/26**	**Mon 12/14/26**
58		Framing & Rough Carpentry	14 days	Fri 5/1/26	Wed 5/20/26
59		Waterproofing	6 days	Fri 5/22/26	Fri 5/29/26
60		Plumbing Roughs	15 days	Fri 5/22/26	Thu 6/11/26
61		Windows	9 days	Mon 6/1/26	Thu 6/11/26
62		Exterior Doors	5 days	Mon 6/1/26	Fri 6/5/26
63		Siding	10 days	Fri 6/12/26	Thu 6/25/26
64		Fire Protection Rough	15 days	Fri 6/12/26	Thu 7/2/26
65		Mechanical Roughs	11 days	Thu 7/16/26	Thu 7/30/26
66		Electrical Roughs	9 days	Fri 7/31/26	Wed 8/12/26
67		Insulation	7 days	Thu 8/13/26	Fri 8/21/26
68		Drywall	9 days	Wed 9/9/26	Mon 9/21/26
69		Paint - Walls	15 days	Wed 9/16/26	Tue 10/6/26
70		Gypcrete / Lightweight Concrete	17 days	Tue 9/22/26	Wed 10/14/26
71		Interior Doors	7 days	Wed 10/7/26	Thu 10/15/26
72		Cabinets	11 days	Thu 10/15/26	Thu 10/29/26
73		Paint - Finish	7 days	Fri 10/16/26	Mon 10/26/26
74		Paint - Finish	9 days	Fri 10/23/26	Wed 11/4/26

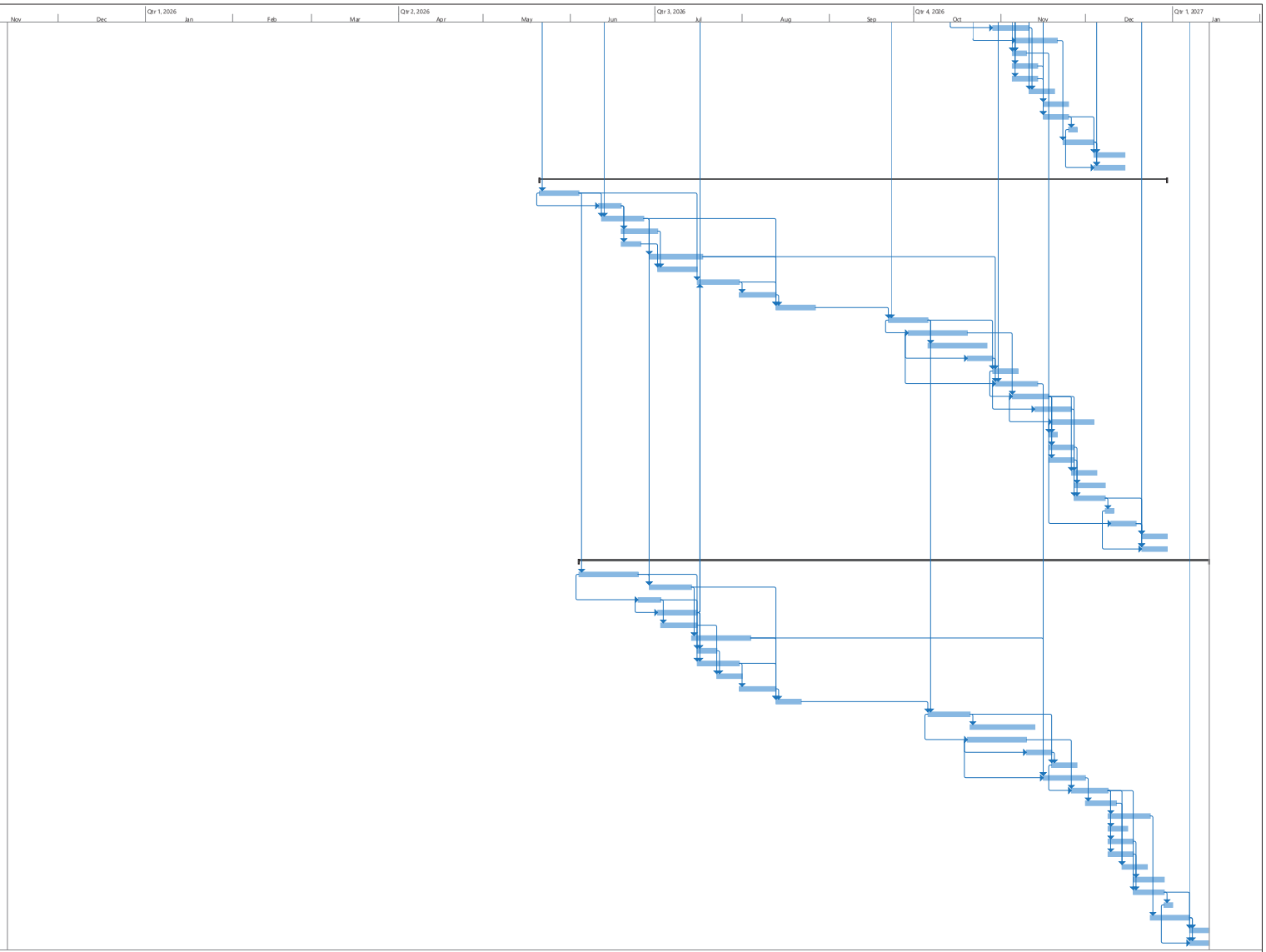


Project: The Retreat at Esther
Date: Wed 10/1/25

ICON BUILDERS. LLC

Task
Split
Milestone
Summary
Project Summary
Inactive Task
Inactive Milestone
Inactive Summary
Manual Task
Duration-only
Manual Summary Rollup
Manual Summary
Start-only
Finish-only
External Tasks
External Milestone
Deadline
Progress
Manual Progress

ID	Task Mode	Task Name	Duration	Start	Finish
75		Countertops	9 days	Thu 10/29/26	Tue 11/10/26
76		Ceramic Tile	11 days	Fri 11/6/26	Fri 11/20/26
77		Resilient Flooring	3 days	Thu 11/5/26	Mon 11/9/26
78		Electrical Trims	7 days	Thu 11/5/26	Fri 11/13/26
79		Fire Protection Trims	7 days	Thu 11/5/26	Fri 11/13/26
80		Appliances	7 days	Wed 11/11/26	Thu 11/19/26
81		Mechanical Trims	7 days	Mon 11/16/26	Tue 11/24/26
82		Light Fixtures	7 days	Mon 11/16/26	Tue 11/24/26
83		Window Coverings	3 days	Wed 11/25/26	Fri 11/27/26
84		Plumbing Trims	9 days	Mon 11/23/26	Thu 12/3/26
85		Inspections	7 days	Fri 12/4/26	Mon 12/14/26
86		Punchlist	7 days	Fri 12/4/26	Mon 12/14/26
87		**3rd floor**	**159 days**	**Thu 5/21/26**	**Tue 12/29/26**
88		Framing & Rough Carpentry	10 days	Thu 5/21/26	Wed 6/3/26
89		Waterproofing	6 days	Thu 6/11/26	Thu 6/18/26
90		Plumbing Roughs	11 days	Fri 6/12/26	Fri 6/26/26
91		Windows	9 days	Fri 6/19/26	Wed 7/1/26
92		Exterior Doors	5 days	Fri 6/19/26	Thu 6/25/26
93		Fire Protection Rough	15 days	Mon 6/29/26	Fri 7/17/26
94		Siding	10 days	Thu 7/2/26	Wed 7/15/26
95		Mechanical Roughs	11 days	Thu 7/16/26	Thu 7/30/26
96		Electrical Roughs	9 days	Fri 7/31/26	Wed 8/12/26
97		Insulation	10 days	Thu 8/13/26	Wed 8/26/26
98		Drywall	10 days	Tue 9/22/26	Mon 10/5/26
99		Paint - Walls	15 days	Tue 9/29/26	Mon 10/19/26
100		Gypcrete / Lightweight Concrete	15 days	Tue 10/6/26	Mon 10/26/26
101		Interior Doors	7 days	Tue 10/20/26	Wed 10/28/26
102		Finish Carpentry	7 days	Thu 10/29/26	Fri 11/6/26
103		Cabinets	11 days	Fri 10/30/26	Fri 11/13/26
104		Paint - Finish	9 days	Thu 11/5/26	Tue 11/17/26
105		Countertops	9 days	Fri 11/13/26	Wed 11/25/26
106		Ceramic Tile	11 days	Thu 11/19/26	Thu 12/3/26
107		Resilient Flooring	3 days	Wed 11/18/26	Fri 11/20/26
108		Electrical Trims	7 days	Wed 11/18/26	Thu 11/26/26
109		Fire Protection Trims	7 days	Wed 11/18/26	Thu 11/26/26
110		Appliances	7 days	Thu 11/26/26	Fri 12/4/26
111		Mechanical Trims	7 days	Fri 11/27/26	Mon 12/7/26
112		Light Fixtures	7 days	Fri 11/27/26	Mon 12/7/26
113		Window Coverings	3 days	Tue 12/8/26	Thu 12/10/26
114		Plumbing Trims	7 days	Thu 12/10/26	Fri 12/18/26
115		Inspections	7 days	Mon 12/21/26	Tue 12/29/26
116		Punchlist	7 days	Mon 12/21/26	Tue 12/29/26
117		**4th floor**	**160 days**	**Thu 6/4/26**	**Wed 1/13/27**
118		Framing & Rough Carpentry	15 days	Thu 6/4/26	Wed 6/24/26
119		Plumbing Roughs	11 days	Mon 6/29/26	Mon 7/13/26
120		Waterproofing	6 days	Thu 6/25/26	Thu 7/2/26
121		Roofing	10 days	Thu 7/2/26	Wed 7/15/26
122		Windows	9 days	Fri 7/3/26	Wed 7/15/26
123		Fire Protection Rough	15 days	Tue 7/14/26	Mon 8/3/26
124		Exterior Doors	5 days	Thu 7/16/26	Wed 7/22/26
125		Mechanical Roughs	11 days	Thu 7/16/26	Thu 7/30/26
126		Siding	7 days	Thu 7/23/26	Fri 7/31/26
127		Electrical Roughs	9 days	Fri 7/31/26	Wed 8/12/26
128		Insulation	7 days	Thu 8/13/26	Fri 8/21/26
129		Drywall	11 days	Tue 10/6/26	Tue 10/20/26
130		Gypcrete / Lightweight Concrete	17 days	Wed 10/21/26	Thu 11/12/26
131		Paint - Walls	15 days	Tue 10/20/26	Mon 11/9/26
132		Interior Doors	7 days	Tue 11/10/26	Wed 11/18/26
133		Finish Carpentry	7 days	Thu 11/19/26	Fri 11/27/26
134		Cabinets	11 days	Mon 11/16/26	Mon 11/30/26
135		Paint - Finish	9 days	Thu 11/26/26	Tue 12/8/26
136		Countertops	9 days	Tue 12/1/26	Fri 12/11/26
137		Ceramic Tile	11 days	Wed 12/9/26	Wed 12/23/26
138		Resilient Flooring	5 days	Wed 12/9/26	Tue 12/15/26
139		Electrical Trims	7 days	Wed 12/9/26	Thu 12/17/26
140		Fire Protection Trims	7 days	Wed 12/9/26	Thu 12/17/26
141		Appliances	7 days	Mon 12/14/26	Tue 12/22/26
142		Mechanical Trims	7 days	Fri 12/18/26	Mon 12/28/26
143		Light Fixtures	7 days	Fri 12/18/26	Mon 12/28/26
144		Window Coverings	3 days	Tue 12/29/26	Thu 12/31/26
145		Plumbing Trims	10 days	Thu 12/24/26	Wed 1/6/27
146		Inspections	5 days	Thu 1/7/27	Wed 1/13/27
147		Punchlist and Turnover	5 days	Thu 1/7/27	Wed 1/13/27



Project: The Retreat at Esther
Date: Wed 10/1/25

ICON BUILDERS. LLC

Task
Split
Milestone
Summary
Project Summary
Inactive Task
Inactive Milestone
Inactive Summary
Manual Task
Duration-only
Manual Summary Rollup
Manual Summary
Start-only
Finish-only
External Tasks
External Milestone
Deadline
Progress
Manual Progress

24119 Retreat at Esther - Application Summary

REAL ESTATE ANALYSIS DIVISION
June 26, 2024

PROPERTY IDENTIFICATION

Application #	**24119**
Development	**Retreat at Esther**
City / County	**Houston / Harris**
Region/Area	**6 / Urban**
Population	**Elderly Limitation**
Set-Aside	**General**
Activity	**New Construction**

RECOMMENDATION

TDHCA Program	Request	Recommended		
LIHTC (9% Credit)	$2,000,000	**$2,000,000**	**$19,417/Unit**	**$0.87**

KEY PRINCIPALS / SPONSOR

Miranda Sprague / Houston RE Developer, LLC
Kevin Hardy / ICON Builders, LLC
Jeffrey McAdory / ITEX Design, LLC
Christopher A. Akbari / ITEX Property Management, LLC

Related Parties	Contractor - Yes	Seller - No

TYPICAL BUILDING ELEVATION/PHOTO

UNIT DISTRIBUTION

# Beds	# Units	% Total
Eff	-	0%
1	77	75%
2	26	25%
3	-	0%
4	-	0%
TOTAL	103	100%

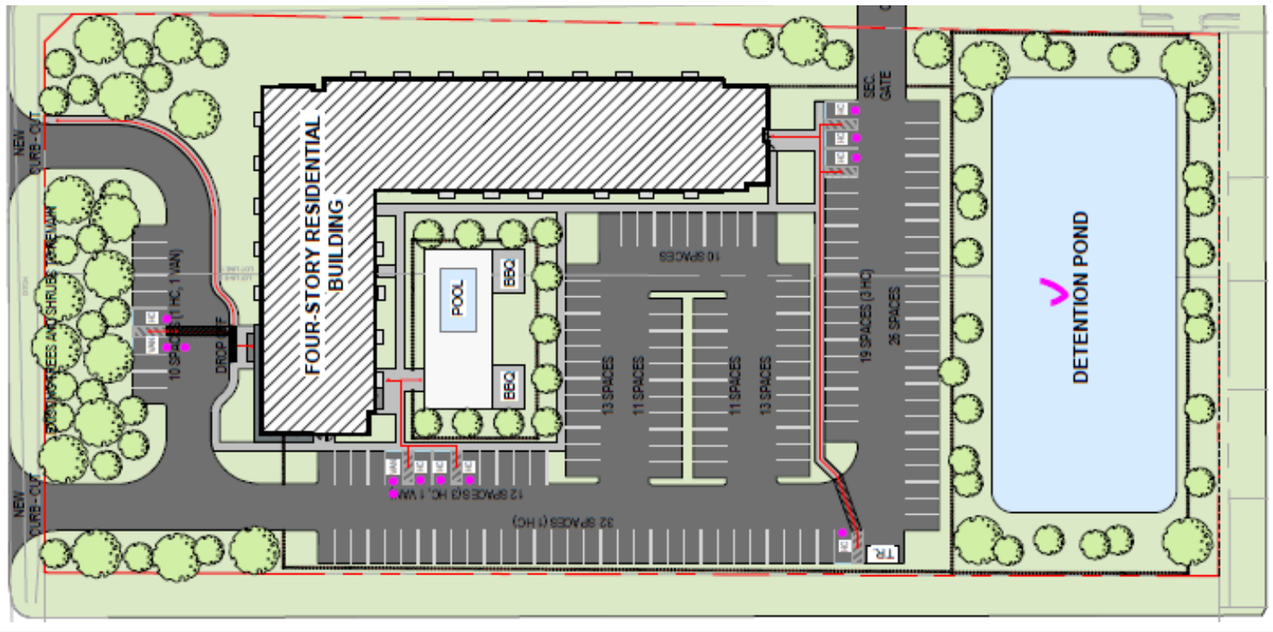
INCOME DISTRIBUTION

Income	# Units	% Total
20%	-	0%
30%	11	11%
40%	-	0%
50%	29	28%
60%	63	61%
70%	-	0%
80%	-	0%
MR	-	0%
TOTAL	103	100%

PRO FORMA FEASIBILITY INDICATORS

Pro Forma Underwritten		Applicant's Pro Forma	
Debt Coverage	1.15	**Expense Ratio**	55.1%
Breakeven Occ.	87.0%	**Breakeven Rent**	$860
Average Rent	$916	**B/E Rent Margin**	$57
Property Taxes	$832/unit	**Exemption/PILOT**	0%
Total Expense	$5,786/unit	**Controllable**	$2,996/unit

SITE PLAN



MARKET FEASIBILITY INDICATORS

Gross Capture Rate (10% Maximum)			2.3%
Highest Unit Capture Rate	10%	1 BR/60%	44
Dominant Unit Cap. Rate	10%	1 BR/60%	44
Premiums (↑80% Rents)	N/A		N/A
Rent Assisted Units	N/A		

DEVELOPMENT COST SUMMARY

Costs Underwritten	Applicant's Costs		
Avg. Unit Size	758 SF	**Density**	23.2/acre
Acquisition		$22K/unit	$2,254K
Building Cost	$133.08/SF	$101K/unit	$10,385K
Hard Cost		$129K/unit	$13,323K
Total Cost		$238K/unit	$24,469K
Developer Fee	$2,739K	(31% Deferred)	Paid Year: 11
Contractor Fee	$1,778K	**30% Boost**	Yes

DEBT (Must Pay)				
Source	Term	Rate	Amount	DCR
Churchill Stateside Group	40/40	6.20%	$6,000,000	1.15
TOTAL DEBT (Must Pay)			**$6,000,000**	

CASH FLOW DEBT / GRANT FUNDS				
Source	Term	Rate	Amount	DCR
City of Houston	0/0	0.00%	$500	1.15
CASH FLOW DEBT / GRANTS			**$500**	

EQUITY / DEFERRED FEES	
Source	Amount
RBC Capital Markets	$17,398,260
RBC Capital Markets (45L Credits)	$224,025
Houston RE Developer, LLC	$845,793
TOTAL EQUITY SOURCES	**$18,468,078**
TOTAL DEBT SOURCES	**$6,000,500**
TOTAL CAPITALIZATION	**$24,468,578**

CONDITIONS

- Receipt and acceptance by Cost Certification:

  a: Evidence that the units and buildings have met the requirements for use of a Green Discount Utility Allowance.

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

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.

RISK PROFILE

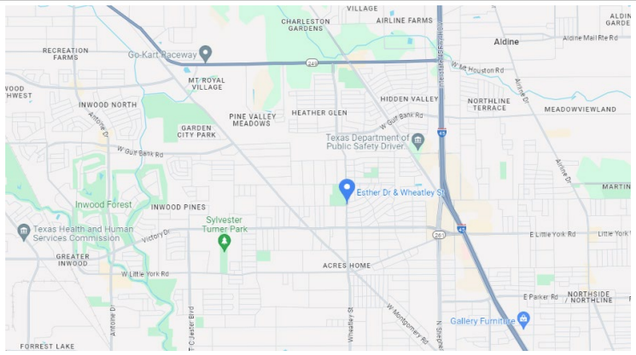
STRENGTHS/MITIGATING FACTORS

- Low Gross Capture Rate
- Developer Experience

WEAKNESSES/RISKS

- DCR 1.20
- Limited 15 year cashflow

AREA MAP



AERIAL PHOTOGRAPH(s)

Real Estate Analysis Division
Underwriting Report
June 26, 2024

DEVELOPMENT IDENTIFICATION

TDHCA Application #: **24119** Program(s): **9% HTC**

Retreat at Esther

Address/Location: Southwest Quadrant of Wheatley St and Esther Dr

City: Houston County: Harris Zip: 77088

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

Activity: New Construction Building Type: Elevator Served Region: 6

Analysis Purpose: New Application - Initial Underwriting

ALLOCATION

	REQUEST				RECOMMENDATION						
TDHCA Program	**Amount**	**Int. Rate**	**Amort**	**Term**	**Amount**	**Int. Rate**	**Amort**	**Perm. Term**	**Perm Lien**	**Const. Term**	**Const Lien**
LIHTC (9% Credit)	$2,000,000				**$2,000,000**						

CONDITIONS

- Receipt and acceptance by Cost Certification:
  a: Evidence that the units and buildings have met the requirements for use of a Green Discount Utility Allowance.

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

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	11
50% of AMI	50% of AMI	29
60% of AMI	60% of AMI	63

DEVELOPMENT SUMMARY

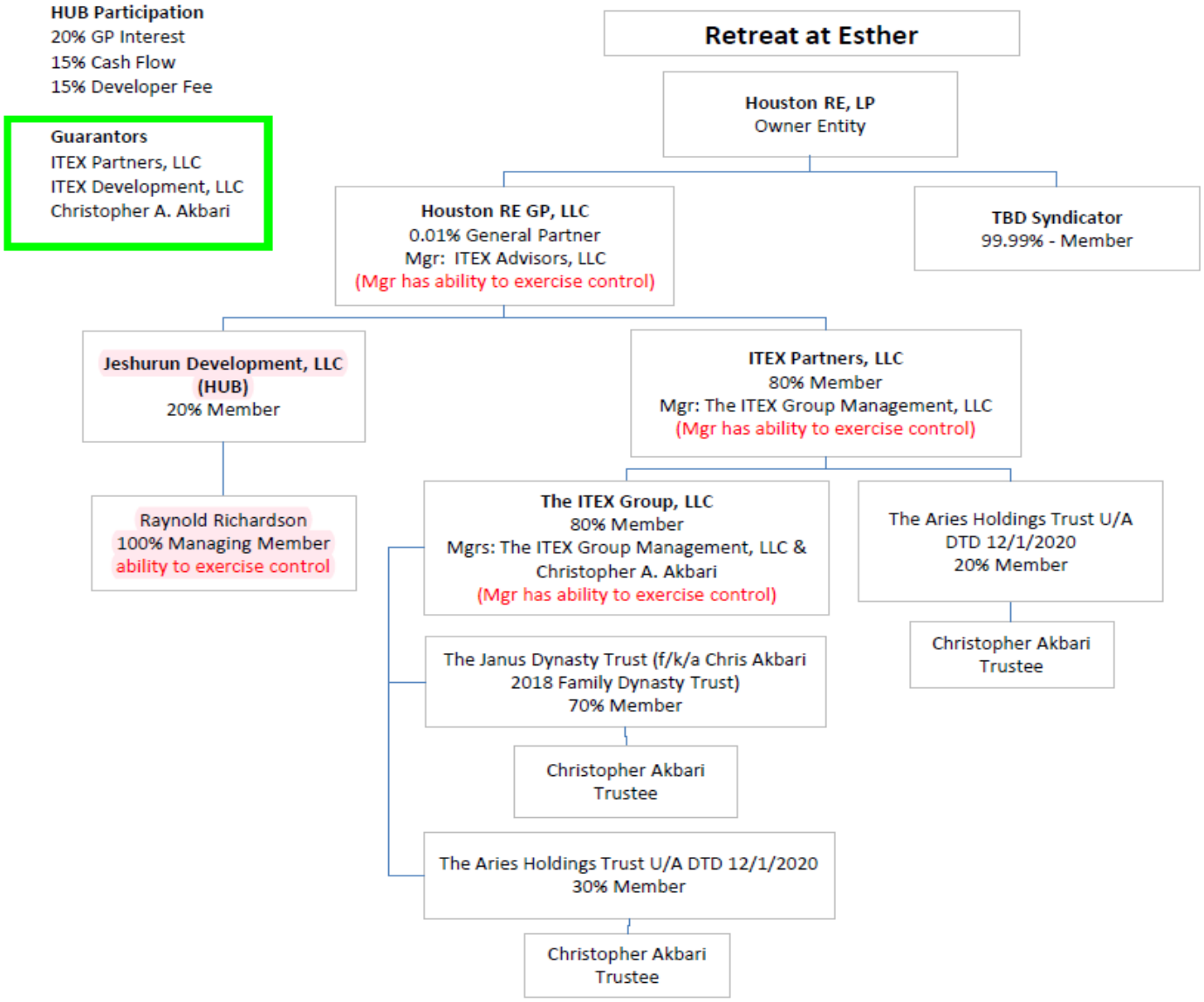
Retreat at Esther is a proposed new construction development serving elderly households using 9% housing tax credits. The development includes one- and two-bedroom units. The acquisition is an arms-length transaction. Sources of funds include a contribution from the local jurisdiction of at least $500.

RISK PROFILE

STRENGTHS/MITIGATING FACTORS	WEAKNESSES/RISKS
▫ Low Gross Capture Rate	▫ DCR 1.20
▫ Developer Experience	▫ Limited 15 year cashflow

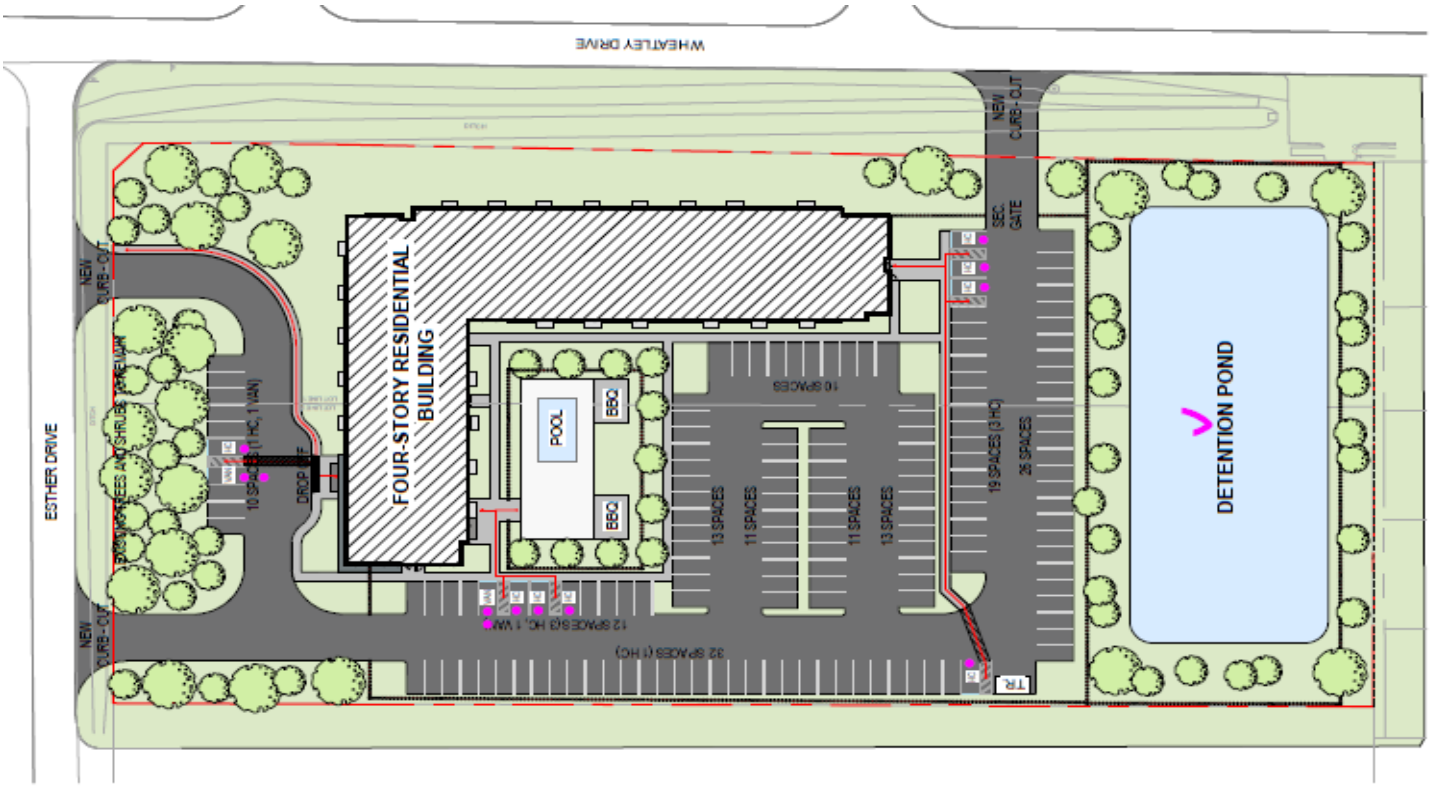
DEVELOPMENT TEAM

OWNERSHIP STRUCTURE



DEVELOPMENT SUMMARY

SITE PLAN



Parking	No Fee		Tenant-Paid		Total	
Open Surface	157	*1.5/unit*	0	--	157	*1.5/unit*
Carport	0	--	0	--	0	--
Garage	0	--	0	--	0	--
Total Parking	**157**	*1.5/unit*	**0**	--	**157**	*1.5/unit*

Comments:

Houston required parking is 1.333 spaces for 1BR 1.666 for 2BR and 2 for 3BR or more. Total required for Retreat at Esther is 147, the requirement is met.

BUILDING ELEVATION

BUILDING CONFIGURATION

Building Type	1												**Total Buildings**
Floors/Stories	4												
Number of Bldgs	1												**1**
Units per Bldg	103												
Total Units	103												**103**

Avg. Unit Size (SF)	**758 sf**	**Total NRA (SF)**	**78,032**	**Common Area (SF)***	**13,618**

*Common Area Square Footage as specified on Architect Certification

SITE CONTROL INFO

Site Acreage: Development Site: 4.43 acres Density: 23.2 units/acre

Site Control: 4.511 **Site Plan:** 4.43 **Appraisal:** N/A **ESA:** 4.432

Feasibility Report Survey: 4.432 **Feasibility Report Engineer's Plan:** 4.432 **Existing LURA:** N/A

Control Type: Contract for Sale

Development Site: 4.43 acres Cost: $2,254,230 $21,886 per unit

Seller: Blue Magpie Property V LLC

Buyer: ITEX Acquisitions, LLC

Related-Party Seller/Identity of Interest: No

Comments:

Site control relied on acreage from the seller's survey, which did not deduct the approx. 0.09 "save and except" acres of the land dedicated to the City of Houston. All other due diligence items rely on the current survey, which does not include the land dedicated to the City of Houston. The site control will be updated to reflect the acreage in the current survey prior to closing.

SITE INFORMATION

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

Current Uses of Subject Site:

Undeveloped.

HIGHLIGHTS of ENVIRONMENTAL REPORTS

Provider: AEI Consultants Date: 2/15/2024

Recognized Environmental Conditions (RECs) and Other Concerns:

- AEI recommends completion of STC calculations as required by Section 51.104(a) to demonstrate that interior levels do not exceed the established 45 dB level.

MARKET ANALYSIS

Provider: Valbridge Property Advisors Date: 3/26/2024

Primary Market Area (PMA): 19 sq. miles 2 mile equivalent radius

AFFORDABLE HOUSING INVENTORY

Competitive Supply (Proposed, Under Construction, and Unstabilized)

File #	Development	In PMA?	Type	Target Population	Comp Units	Total Units
23407	Summerdale Apartments	Yes	New Constructi	General	0	272

Stabilized Affordable Developments in PMA		
	Total Units	1,382
	Total Developments	14
	Average Occupancy	94%

OVERALL DEMAND ANALYSIS

	Market Analyst			
	HTC	Assisted		
Total Households in the Primary Market Area	26,858			
Senior Households in the Primary Market Area	7,515			
Potential Demand from the Primary Market Area	4,132			
10% External Demand	413			
Potential Demand from Other Sources				
GROSS DEMAND	4,545			
Subject Affordable Units	103			
Unstabilized Competitive Units	0			
RELEVANT SUPPLY	103			
Relevant Supply ÷ Gross Demand = GROSS CAPTURE RATE	**2.3%**			

Population: Elderly Limitation **Market Area:** Urban **Maximum Gross Capture Rate:** 10%

UNDERWRITING ANALYSIS of PMA DEMAND by AMGI BAND

	Market Analyst									
AMGI Band	Demand	10% Ext	Subject Units	Comp Units	AMGI Band Capture Rate					
30% AMGI	1,146	115	11	0	1%					
50% AMGI	1,349	135	29	0	2%					
60% AMGI	1,637	164	63	0	3%					

UNDERWRITING ANALYSIS of PMA DEMAND by UNIT TYPE										
	Market Analyst									
Unit Type	Demand	10% Ext	Subject Units	Comp Units	Unit Capture Rate					
1 BR/30%	580	58	8	0	1%					
1 BR/50%	590	59	25	0	4%					
1 BR/60%	413	41	44	0	10%					
2 BR/30%	459	46	3	0	1%					
2 BR/50%	210	21	4	0	2%					
2 BR/60%	533	53	19	0	3%					

OPERATING PRO FORMA

SUMMARY- AS UNDERWRITTEN (Applicant's Pro Forma)					
NOI:	$486,101	Avg. Rent:	$916	Expense Ratio:	55.1%
Debt Service:	$421,238	B/E Rent:	$860	Controllable Expenses:	$2,996
Net Cash Flow:	$64,863	UW Occupancy:	92.5%	Property Taxes/Unit:	$832
Aggregate DCR:	1.15	B/E Occupancy:	87.0%	Program Rent Year:	2023

DEVELOPMENT COST EVALUATION

SUMMARY- AS UNDERWRITTEN (Applicant's Costs)					
Acquisition	$508,626/ac	$21,886/unit	**$2,254,230**	Contractor Fee	**$1,778,186**
Off-site + Site Work		$21,727/unit	**$2,237,888**	Soft Cost + Financing	**$3,745,866**
Building Cost	$133.08/sf	$100,821/unit	**$10,384,555**	Developer Fee	**$2,738,806**
Contingency	5.55%	$6,800/unit	**$700,426**	Reserves	**$628,621**
Total Development Cost	$237,559/unit	**$24,468,578**		**Rehabilitation Cost**	**N/A**

Qualified for 30% Basis Boost?	Located in QCT with < 20% HTC units/HH

Contingency:

Contingency understated at 5.55%. (including $69K reallocated soft cost contingency). $532,784 of additional repayable developer fee is available for deferral as additional contingency for any cost overruns.

Credit Allocation Supported by Costs:

Total Development Cost	Adjusted Eligible Cost	Credit Allocation Supported by Eligible Basis
$24,468,578	**$20,997,516**	**$2,456,709**

UNDERWRITTEN CAPITALIZATION

Percent of Cost Financed by Tax-Exempt Bonds	0.0%

INTERIM SOURCES

Funding Source	Description	Amount	Rate	LTC
Churchill Stateside Group	FHA 221(d)(4) Loan	$6,000,000	6.20%	25%
Churchill Stateside Group	Equity Bridge Loan	$11,700,000	7.20%	49%
RBC Capital Markets	HTC	$4,349,565	$0.87	18%
City of Houston	§11.9(d)(2)LPS Contribution	$500	0.00%	0%
Houston RE Developer, LLC	Deferred Developer Fee	$1,780,224	0.00%	7%
		$23,830,289	**Total Sources**	

PERMANENT SOURCES

	PROPOSED				UNDERWRITTEN				
Debt Source	**Amount**	**Interest Rate**	**Amort**	**Term**	**Amount**	**Interest Rate**	**Amort**	**Term**	**LTC**
Churchill Stateside Group	$6,000,000	6.20%	40	40.0	$6,000,000	6.20%	40	40.0	25%
City of Houston	$500	Fee Waiver			$500	Fee Waiver			0%
Total	**$6,000,500**				**$6,000,500**				

	PROPOSED			UNDERWRITTEN			
Equity & Deferred Fees	**Amount**	**Rate**	**% Def**	**Amount**	**Rate**	**% TC**	**% Def**
RBC Capital Markets	$17,398,260	$0.87		$17,398,260	$0.87	71%	
RBC Capital Markets (45L Credits)	$224,025			$224,025		1%	
Houston RE Developer, LLC	$845,793		31%	$845,793		3%	31%
Total	**$18,468,078**			**$18,468,078**			
				$24,468,578	**Total Sources**		

Credit Price Sensitivity based on current capital structure	
$0.912	Maximum Credit Price before the Development is oversourced and allocation is limited
$0.843	Minimum Credit Price below which the Development would be characterized as infeasible

CONCLUSIONS

Gap Analysis:	
Total Development Cost	$24,468,578
Permanent Sources (debt + non-HTC equity)	$6,224,525
Gap in Permanent Financing	$18,244,053

Possible Tax Credit Allocations:	Equity Proceeds	Annual Credits
Determined by Eligible Basis	$21,371,234	$2,456,709
Needed to Balance Sources & Uses	$18,244,053	$2,097,227
Requested by Applicant	$17,398,260	$2,000,000

	RECOMMENDATION	
	Equity Proceeds	Annual Credits
Tax Credit Allocation	**$17,398,260**	**$2,000,000**

Deferred Developer Fee	**$845,793**	**(31% deferred)**
Repayable in	**11 years**	

Recommendation:

The underwriter recommends an annual credit of 2,000,000 as determined by applicant request.

Underwriter: *Jack Scholz*

Manager of Real Estate Analysis: *Diamond Unique Thompson*

Director of Real Estate Analysis: *Jeanna Adams*

UNIT MIX/RENT SCHEDULE

Retreat at Esther, Houston, 9% HTC #24119

LOCATION DATA	
CITY:	Houston
COUNTY:	Harris
Area Median Income	$93,200
PROGRAM REGION:	6
PROGRAM RENT YEAR:	2023

UNIT DISTRIBUTION						
# Beds	# Units	% Total	Assisted	MDL	ARP	Match
Eff	-	0.0%	0	0	0	0
1	77	74.8%	0	0	0	0
2	26	25.2%	0	0	0	0
3	-	0.0%	0	0	0	0
4	-	0.0%	0	0	0	0
5	-	0.0%	0	0	0	0
TOTAL	103	100.0%	-	-	-	-

PRO FORMA ASSUMPTIONS	
Revenue Growth	2.00%
Expense Growth	3.00%
Basis Adjust	130%
Applicable Fraction	100.00%
APP % Acquisition	4.00%
APP % Construction	9.00%
Average Unit Size	758 sf

54%	Income	20%	30%	40%	50%	60%	70%	80%	EO / MR	TOTAL
Average Income	# Units	-	11	-	29	63	-	-	-	103
	% Total	0.0%	10.7%	0.0%	28.2%	61.2%	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%	$524	8	1	1	672	$524	$70	$454	$0	$0.68	$454	**$3,632**	**$3,632**	$454	$0.68	$0	$1,275	$1.90	$1,275
TC 50%	$874	25	1	1	672	$874	$70	$804	$0	$1.20	$804	**$20,100**	**$20,100**	$804	$1.20	$0	$1,275	$1.90	$1,275
TC 60%	$1,049	44	1	1	672	$1,049	$70	$979	$0	$1.46	$979	**$43,076**	**$43,076**	$979	$1.46	$0	$1,275	$1.90	$1,275
TC 30%	$629	3	2	2	1,008	$629	$92	$537	$0	$0.53	$537	**$1,611**	**$1,611**	$537	$0.53	$0	$1,700	$1.69	$1,700
TC 50%	$1,048	2	2	2	1,008	$1,048	$92	$956	$0	$0.95	$956	**$1,912**	**$1,912**	$956	$0.95	$0	$1,700	$1.69	$1,700
TC 60%	$1,258	17	2	2	1,008	$1,258	$92	$1,166	$0	$1.16	$1,166	**$19,822**	**$19,822**	$1,166	$1.16	$0	$1,700	$1.69	$1,700
TC 50%	$1,048	2	2	2	1,028	$1,048	$92	$956	$0	$0.93	$956	**$1,912**	**$1,912**	$956	$0.93	$0	$1,725	$1.68	$1,725
TC 60%	$1,258	2	2	2	1,028	$1,258	$92	$1,166	$0	$1.13	$1,166	**$2,332**	**$2,332**	$1,166	$1.13	$0	$1,725	$1.68	$1,725
TOTALS/AVERAGES:		**103**			**78,032**				**$0**	**$1.21**	**$916**	**$94,397**	**$94,397**	**$916**	**$1.21**	**$0**	**$1,383**	**$1.83**	**$1,383**

ANNUAL POTENTIAL GROSS RENT:	**$1,132,764**	**$1,132,764**	

*MFDL units float among Unit Types

STABILIZED PRO FORMA

Retreat at Esther, Houston, 9% HTC #24119

STABILIZED FIRST YEAR PRO FORMA

	COMPARABLES				APPLICANT				TDHCA				VARIANCE	
	Database	Harris County Comps			% EGI	Per SF	Per Unit	Amount	Amount	Per Unit	Per SF	% EGI	%	$
POTENTIAL GROSS RENT						$1.21	$916	$1,132,764	$1,132,764	$916	$1.21		0.0%	$0
Laundry, Vending, Deposit Forfeitures							$30.00	$37,080						
Total Secondary Income							$30.00		$37,080	$30.00			0.0%	$0
POTENTIAL GROSS INCOME								$1,169,844	$1,169,844				0.0%	$0
Vacancy & Collection Loss							7.5% PGI	(87,738)	(87,738)	7.5% PGI			0.0%	-
EFFECTIVE GROSS INCOME								$1,082,106	$1,082,106				0.0%	$0
General & Administrative	$51,127	$496/Unit	$42,770	$415	3.70%	$0.51	$388	$40,000	$42,770	$415	$0.55	3.95%	-6.5%	(2,770)
Management	$47,329	3.5% EGI	$40,141	$390	4.00%	$0.55	$420	$43,284	$43,284	$420	$0.55	4.00%	0.0%	(0)
Payroll & Payroll Tax	$152,473	$1,480/Unit	$134,740	$1,308	12.76%	$1.77	$1,341	$138,128	$134,740	$1,308	$1.73	12.45%	2.5%	3,387
Repairs & Maintenance	$81,426	$791/Unit	$85,329	$828	5.10%	$0.71	$536	$55,200	$66,950	$650	$0.86	6.19%	-17.6%	(11,750)
Electric/Gas	$29,223	$284/Unit	$57,519	$558	1.72%	$0.24	$181	$18,600	$29,223	$284	$0.37	2.70%	-36.4%	(10,623)
Water, Sewer, & Trash	$79,247	$769/Unit	$51,953	$504	5.24%	$0.73	$550	$56,700	$51,953	$504	$0.67	4.80%	9.1%	4,747
Property Insurance	$84,026	$1.08 /sf	$102,471	$995	11.74%	$1.63	$1,233	$127,000	$102,471	$995	$1.31	9.47%	23.9%	24,529
Property Tax (@ 100%) 2.19818	$91,285	$886/Unit	$69,975	$679	7.92%	$1.10	$832	$85,723	$104,401	$1,014	$1.34	9.65%	-17.9%	(18,678)
Reserve for Replacements					2.38%	$0.33	$250	$25,750	$25,750	$250	$0.33	2.38%	0.0%	-
TDHCA Compliance fees ($40/HTC unit)					0.38%	$0.05	$40	$4,120	$4,120	$40	$0.05	0.38%	0.0%	-
Internet					0.14%	$0.02	$15	$1,500	$1,500	$15	$0.02	0.14%	0.0%	-
TOTAL EXPENSES					**55.08%**	**$7.64**	**$5,786**	**$596,005**	**$607,162**	**$5,895**	**$7.78**	**56.11%**	**-1.8%**	**$ (11,158)**
NET OPERATING INCOME ("NOI")					**44.92%**	**$6.23**	**$4,719**	**$486,101**	**$474,943**	**$4,611**	**$6.09**	**43.89%**	**2.3%**	**$ 11,158**
CONTROLLABLE EXPENSES							$2,996/Unit			$3,162/Unit				

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Retreat at Esther, Houston, 9% HTC #24119

DEBT / GRANT SOURCES

		APPLICANT'S PROPOSED DEBT/GRANT STRUCTURE							AS UNDERWRITTEN DEBT/GRANT STRUCTURE						
		Cumulative DCR												Cumulative	
DEBT (Must Pay)	**Fee**	**UW**	**App**	**Pmt**	**Rate**	**Amort**	**Term**	**Principal**	**Principal**	**Term**	**Amort**	**Rate**	**Pmt**	**DCR**	**LTC**
Churchill Stateside Group	0.25%	1.13	1.15	421,238	6.20%	40	40.0	$6,000,000	$6,000,000	40.0	40.0	6.20%	$421,238	1.15	24.5%
Adjustment to Debt Per §11.302(c)(2)	0.25%									40.0	40.0	6.20%		1.15	0.0%
Churchill Stateside Group		1.13	1.15		0.00%	0	0.0	$0	$0	0.0	0.0	0.00%		1.15	0.0%
CASH FLOW DEBT / GRANTS															
City of Houston		1.13	1.15		0.00%	0	0.0	$500	$500	0.0	0.0	0.00%		1.15	0.0%
				$421,238	**TOTAL DEBT / GRANT SOURCES**			**$6,000,500**	**$6,000,500**	**TOTAL DEBT SERVICE**			**$421,238**	**1.15**	24.5%
NET CASH FLOW		$53,706	$64,863						**APPLICANT**	**NET OPERATING INCOME**		**$486,101**	**$64,863**	**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**	
RBC Capital Markets	LIHTC Equity	71.1%	$2,000,000	$0.87	$17,398,260	$17,398,260	$0.8699	$2,000,000	71.1%	$19,417	Applicant Request	
RBC Capital Markets (45L Credits)	45L Credits	0.9%			$224,025	$224,025			0.9%			
Houston RE Developer, LLC	Deferred Developer Fees	3.5%	(31% Deferred)		$845,793	$845,793	(31% Deferred)		3.5%	**Total Developer Fee:**		**$2,738,806**
Additional (Excess) Funds Req'd		0.0%				$0			0.0%			
TOTAL EQUITY SOURCES		75.5%			$18,468,078	$18,468,078			75.5%			
TOTAL CAPITALIZATION					**$24,468,578**	**$24,468,578**				**15-Yr Cash Flow after Deferred Fee:**		**$532,784**

DEVELOPMENT COST / ITEMIZED BASIS

	APPLICANT COST / BASIS ITEMS					TDHCA COST / BASIS ITEMS					COST VARIANCE	
	Eligible Basis								Eligible Basis			
	Acquisition	New Const. Rehab	Total Costs			Total Costs			New Const. Rehab	Acquisition	%	$
Land Acquisition			$21,886 / Unit		$2,254,230	$2,254,230	$21,886 / Unit				0.0%	$0
Building Acquisition	$0		$ / Unit		$0	$0	$ / Unit			$0	0.0%	$0
Off-Sites			$ / Unit		$0	$0	$ / Unit		$0		0.0%	$0
Site Work		$1,809,897	$17,572 / Unit		$1,809,897	$1,809,897	$17,572 / Unit		$1,809,897		0.0%	$0
Site Amenities		$427,991	$4,155 / Unit		$427,991	$427,991	$4,155 / Unit		$427,991		0.0%	$0
Building Cost		$10,384,555	$133.08 /sf	$100,821/Unit	$10,384,555	$10,523,934	$102,174/Unit	$134.87 /sf	$10,384,555		-1.3%	($139,379)
Contingency		$700,426	5.55%	5.55%	$700,426	$700,426	5.49%	5.55%	$700,426		0.0%	$0
Contractor Fees		$1,778,186	13.35%	13.35%	$1,778,186	$1,778,186	13.21%	13.35%	$1,778,186		0.0%	$0
Voluntary Eligible "Hard Costs" (After 11.9(e)(2))											0.0%	$0
Soft Costs	$0	$1,333,537	$13,044 / Unit		$1,343,537	$1,343,537	$13,044 / Unit		$1,333,537	$0	0.0%	$0
Financing	$0	$1,824,117	$23,324 / Unit		$2,402,328	$2,402,328	$23,324 / Unit		$1,824,117	$0	0.0%	$0
Developer Fee	$0	$2,738,806	15.00%	15.00%	$2,738,806	$2,738,806	14.89%	15.00%	$2,738,806	$0	0.0%	$0
Reserves			7 Months		$628,621	$628,621	7 Months				0.0%	$0
TOTAL HOUSING DEVELOPMENT COST (UNADJUSTED BASIS)	**$0**	**$20,997,516**	$237,559 / Unit		**$24,468,578**	**$24,607,957**	$238,912 / Unit		**$20,997,516**	**$0**	**-0.6%**	**($139,379)**
Acquisition Cost	$0				$0							
Contingency		$0			$0							
Contractor's Fee		$0			$0							
Financing Cost		$0										
Developer Fee	$0	$0			$0							
Reserves					$0							
ADJUSTED BASIS / COST	**$0**	**$20,997,516**	$237,559/unit		**$24,468,578**	**$24,607,957**	$238,912/unit		**$20,997,516**	**$0**	**-0.6%**	**($139,379)**
TOTAL HOUSING DEVELOPMENT COSTS (Applicant's Uses are within 5% of TDHCA Estimate):					**$24,468,578**							

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Retreat at Esther, Houston, 9% HTC #24119

CREDIT CALCULATION ON QUALIFIED BASIS

	Applicant		TDHCA	
	Acquisition	Construction Rehabilitation	Acquisition	Construction
ADJUSTED BASIS	$0	$20,997,516	$0	$20,997,516
Deduction of Federal Grants	$0	$0	$0	$0
TOTAL ELIGIBLE BASIS	$0	$20,997,516	$0	$20,997,516
High Cost Area Adjustment		130%		130%
TOTAL ADJUSTED BASIS	$0	$27,296,771	$0	$27,296,771
Applicable Fraction	100.00%	100.00%	100%	100%
TOTAL QUALIFIED BASIS	$0	$27,296,771	$0	$27,296,771
Applicable Percentage	4.00%	9.00%	4.00%	9.00%
ANNUAL CREDIT ON BASIS	$0	$2,456,709	$0	$2,456,709
CREDITS ON QUALIFIED BASIS	$2,456,709		$2,456,709	

	ANNUAL CREDIT CALCULATION BASED ON APPLICANT BASIS		FINAL ANNUAL LIHTC ALLOCATION		
			Credit Price $0.8699	Variance to Request	
Method	Annual Credits	Proceeds	Credit Allocation	Credits	Proceeds
Eligible Basis	$2,456,709	$21,371,234	----	----	----
Needed to Fill Gap	$2,097,227	$18,244,053	----	----	----
Applicant Request	$2,000,000	$17,398,260	**$2,000,000**	**$0**	**$0**

BUILDING COST ESTIMATE

CATEGORY	FACTOR	UNITS/SF	PER SF	
Base Cost: Elevator Served		78,032 SF	$98.90	7,717,524
Adjustments				
Exterior Wall Finish	2.00%		1.98	$154,350
Elderly	9.00%		8.90	694,577
9-Ft. Ceilings	3.25%		3.21	250,820
Roof Adjustment(s)			1.98	154,500
Subfloor			0.30	23,019
Floor Cover			3.97	309,444
Enclosed Corridors	$87.55	9,979	11.20	873,682
Balconies	$39.95	2,358	1.21	94,202
Plumbing Fixtures	$2,130	78	2.13	166,140
Rough-ins	$790	206	2.09	162,740
Built-In Appliances	$3,675	103	4.85	378,525
Exterior Stairs	$3,550	6	0.27	21,300
Heating/Cooling			3.12	243,460
Storage Space	$87.55	0	0.00	0
Carports	$16.05	0	0.00	0
Garages	$30.00	0	0.00	0
Common/Support Area	$136.85	3,457	6.06	473,094
Elevators	$150,400	2	3.85	300,800
Other:			0.00	0
Fire Sprinklers	$3.65	91,468	4.28	333,858
SUBTOTAL			**158.29**	**12,352,035**
Current Cost Multiplier	1.00		0.00	0
Local Multiplier	1.00		0.00	0
Reserved				0
TOTAL BUILDING COSTS			**158.29**	**$12,352,035**
Plans, specs, survey, bldg permits	3.30%		(5.22)	($407,617)
Contractor's OH & Profit	11.50%		(18.20)	(1,420,484)
NET BUILDING COSTS		$102,174/unit	$134.9/sf	$10,523,934

Long-Term Pro Forma

Retreat at Esther, Houston, 9% HTC #24119

	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
POTENTIAL GROSS RENT		$1,132,764	$1,155,419	$1,178,528	$1,202,098	$1,226,140	$1,353,758	$1,494,658	$1,650,223	$1,821,980	$2,011,613	$2,220,983	$2,452,145
Laundry, Vending, Deposit Forfeitures		$37,080	$37,822	$38,578	$39,350	$40,137	$44,314	$48,926	$54,019	$59,641	$65,848	$72,702	$80,269
Total Secondary Income		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
POTENTIAL GROSS INCOME		$1,169,844	$1,193,241	$1,217,106	$1,241,448	$1,266,277	$1,398,072	$1,543,584	$1,704,242	$1,881,621	$2,077,461	$2,293,685	$2,532,414
Vacancy & Collection Loss		($87,738)	($89,493)	($91,283)	($93,109)	($94,971)	($104,855)	($115,769)	($127,818)	($141,122)	($155,810)	($172,026)	($189,931)
EFFECTIVE GROSS INCOME	2.00%	$1,082,106	$1,103,748	$1,125,823	$1,148,339	$1,171,306	$1,293,216	$1,427,815	$1,576,424	$1,740,499	$1,921,652	$2,121,659	$2,342,483
TOTAL EXPENSES	3.00%	$596,005	$613,452	$631,414	$649,906	$668,944	$772,904	$893,152	$1,032,256	$1,193,187	$1,379,388	$1,594,847	$1,844,180
NET OPERATING INCOME ("NOI")		**$486,101**	**$490,296**	**$494,409**	**$498,433**	**$502,362**	**$520,313**	**$534,663**	**$544,168**	**$547,312**	**$542,263**	**$526,812**	**$498,302**
EXPENSE/INCOME RATIO		55.1%	55.6%	56.1%	56.6%	57.1%	59.8%	62.6%	65.5%	68.6%	71.8%	75.2%	78.7%
MUST -PAY DEBT SERVICE													
Churchill Stateside Group		$421,238	$421,149	$421,056	$420,956	$420,850	$420,209	$419,337	$418,148	$416,528	$414,321	$411,315	$407,220
TOTAL DEBT SERVICE		$421,238	$421,149	$421,056	$420,956	$420,850	$420,209	$419,337	$418,148	$416,528	$414,321	$411,315	$407,220
DEBT COVERAGE RATIO		1.15	1.16	1.17	1.18	1.19	1.24	1.28	1.30	1.31	1.31	1.28	1.22
ANNUAL CASH FLOW		**$64,863**	**$69,146**	**$73,353**	**$77,477**	**$81,512**	**$100,103**	**$115,327**	**$126,020**	**$130,784**	**$127,942**	**$115,497**	**$91,082**
Deferred Developer Fee Balance		$780,930	$711,784	$638,431	$560,954	$479,442	$14,966	$0	$0	$0	$0	$0	$0
CUMULATIVE NET CASH FLOW		$0	$0	$0	$0	$0	$0	$532,784	$1,143,570	$1,790,647	$2,439,457	$3,046,117	$3,555,670

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1182 **Agenda Date:** 10/9/2025 **Agenda #:** 28.

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 Inn Town Lofts

RECOMMENDED ACTION

WHEREAS, Inn Town Lofts was awarded 9% housing tax credits during the 2021 Competitive Housing Tax Credit cycle;

WHEREAS, the Development Owner executed a Carryover Allocation Agreement that included certifications stating each building receiving an allocation would be placed in service by December 31, 2023;

WHEREAS, the Development Owner has requested an extension to the placement-in-service deadline under 10 TAC §11.6(5), related to Credit Returns Resulting from Force Majeure Events;

WHEREAS, the Department lacks authority to extend federal placement-in-service deadlines and may only reset such deadlines by requiring the credits to be returned and immediately reallocated to the Development, as permitted solely under the force majeure provision of the Qualified Allocation Plan (QAP); and

WHEREAS, the Development Owner has submitted documentation demonstrating that a qualifying force majeure event has occurred;

NOW, therefore, it is hereby

RESOLVED, that the request to treat the matter under the force majeure provisions of 10 TAC §11.6(5) is approved, and that the 2021 Qualified Allocation Plan, Uniform Multifamily Rules, and the 2025 Program Calendar shall be applicable to the Development.

BACKGROUND

Development	Inn Town Lofts
Target Population	General
HTC Award	$1,453,902
City	Lubbock
Total Units	56
HTC Units	56
Initial Year of Award	2021
Extension Requested	Six months

Inn Town Lofts is a 56-unit development located in Lubbock, Lubbock County. The development

received an award of 9% Housing Tax Credits in 2021 and has since been approved for force majeure treatment in 2022 and supplemental credits in 2023. As a result, the current deadline to place in service in December 31, 2025.

The Development proposes the adaptive reuse of a historic Lubbock hotel and an adjacent new construction component. After experiencing significant delays due to Covid-19 and market volatility, the project closed and began construction in July of 2024. The Development is currently 75% complete. While the new construction building is on track to a timely completion, the adaptive reuse component is delayed due to extended state, and federal historic review processes. While these reviews were anticipated, the final approvals have taken significantly longer than originally projected. Additionally, the Applicant has reported 111 lost days due to weather delays and a City of Lubbock building permit comment that has created a delay in securing the final Certificate of Occupancy. The owner is requesting a six-month extension in an abundance of caution, but anticipates completing construction by the second quarter of 2026.

APPLICABLE RULE

Under 10 TAC §11.6(5), a Development Owner may return credits and receive a reallocation outside the standard allocation process if the return is the result of a qualifying force majeure event occurring prior to issuance of IRS Form(s) 8609. Pursuant to 10 TAC §11.6(5), the Department's Governing Board may approve execution of a Carryover Allocation Agreement for the current program year with the Development Owner that returned the credits, but only if the following conditions are met:

> (A) The credits were returned as a result of "Force Majeure" events that occurred before issuance of Forms 8609. Force Majeure events are the following sudden and unforeseen circumstances outside the control of the Development Owner: acts of God such as fire, tornado, flooding, significant and unusual rainfall or subfreezing temperatures, or loss of access to necessary water or utilities as a direct result of significant weather events; explosion; vandalism; orders or acts of military authority; unrelated party litigation; changes in law, rules, or regulations; national emergency or insurrection; riot; acts of terrorism; supplier failures; or materials or labor shortages. If a Force Majeure event is also a presidentially declared disaster, the Department may treat the matter under the applicable federal provisions. Force Majeure events must make construction activity impossible or materially impede its progress.

Staff has reviewed this request and determined that weather delays and extended historic preservation approvals constitute a force majeure event under the rules.

IMPACT OF BOARD DECISION

If the Board approves the request:

- The credits will be returned and reallocated, with the 2021 Qualified Allocation Plan, Uniform Multifamily Rules, and the 2025 Program Calendar applicable to the Development.
- A new Carryover Allocation Agreement will be executed.
- The new placed-in-service deadline will be June 30, 2026.

If the Board denies the request:

- The current placed-in-service deadline of December 31, 2025, remains in place.
- The Development Owner may either meet the existing deadline, return the credits, or have the award terminated for failing to meet the deadline.
- Returned credits will first be reallocated within the original subregion in accordance with 10 TAC §11.6(2). If no pending applications are eligible within the subregion, the credits will be added to the statewide collapse for reallocation.

This request requires the Department to make corresponding edits to its ERA2 Contract, LURA, and Loan Documents.

RECOMMENDATION

Staff recommends approval of the request to return and reallocate tax credits for Inn Town Lofts under the force majeure provisions of 10 TAC §11.6(5).

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September 25, 2025

Mr. Rosalio Banuelos,
Director of Asset Management
Texas Department of Housing and Community Affairs
221 E 11th Street
Austin, Texas 78701
Via Email: rosalio.banuelos@tdhca.state.tx.us

RE: TDHCA #23952 (FKA 22826 FKA 21235 CMTS 5785) – Inn Town Lofts – Request for Extension of Placed in Service Deadline to June 30, 2026.

Dear Mr. Banuelos,

On behalf of HTG LUBBOCK, LLC (the "Owner"), a Texas limited liability company, please accept this correspondence as our formal request to extend the Placed in Service deadline from December 31, 2025, to June 30, 2026, for TDHCA #23952, CMTS 5785, the Inn Town Lofts (the "Development"). This request is submitted in reference to the 2023 Carryover Allocation Agreement executed on October 16, 2023, which established the current placed in service deadline.

The Development has encountered significant, unforeseen delays stemming from a combination of challenges inherent in historic redevelopment projects, and the unprecedented market volatility since its original 2021 funding award. As a result, the project timeline has been pushed back, making it impossible to meet the current deadline without this extension. The financial closing occurred on June 27, 2024 and construction commenced on July 8, 2024. Please see Exhibit A for the updated construction timeline as well as the current log of weather and construction delays.

Ownership is requesting this extension due to a series of events occurring that were beyond our control, including lengthy historic preservation approvals and the widespread effects of market inflation on construction costs and financing.

HISTORIC PRESERVATION APPROVALS: As a historic redevelopment project, the Inn Town Lofts is subject to stringent state, and federal historic review processes. While these reviews were anticipated, the final approvals have taken significantly longer than originally projected. The City's building permit comment additionally created an unexpected and unavoidable delay in securing the final Certificate of Occupancy. These unpredictable and protracted approval timelines, which are out of the Owner's control, have directly impacted our construction schedule and ability to complete the project on time.

COVID-19 AND MARKET EFFECTS: Similar to many projects initiated during this period, the Inn Town Lofts Development has been severely impacted by the lasting effects of the COVID-19 pandemic on the construction industry. Although the development was able (with the support of TDHCA's ERA2 funds) to overcome the construction cost and interest rate impacts of COVID, these delays directly impacted the construction schedule.

HTG LUBBOCK, LLC remains fully committed to the construction of this development, which is currently 75% complete, and to its mission to provide much-needed housing while preserving a historic asset for the community that was previously blighted. We have worked diligently to overcome these hurdles, and with this extension, we are confident we can bring the development to a successful completion well ahead of the new Placed in Service deadline requested. This 6 month extension is being requested in an abundance of caution and ownership anticipates completing construction by the second quarter of 2026.

We respectfully request that the TDHCA approve this extension to the Placed In Service deadline to June 30, 2026, to allow us the ability to finalize the Inn Town Lofts and provide this crucial housing within the community.

If staff has any questions, please contact Matthew Rieger or Jordan Finkelman via email at operationalcontact_tx@htgf.com. Jordan can also be reached directly at 305-860-8188.

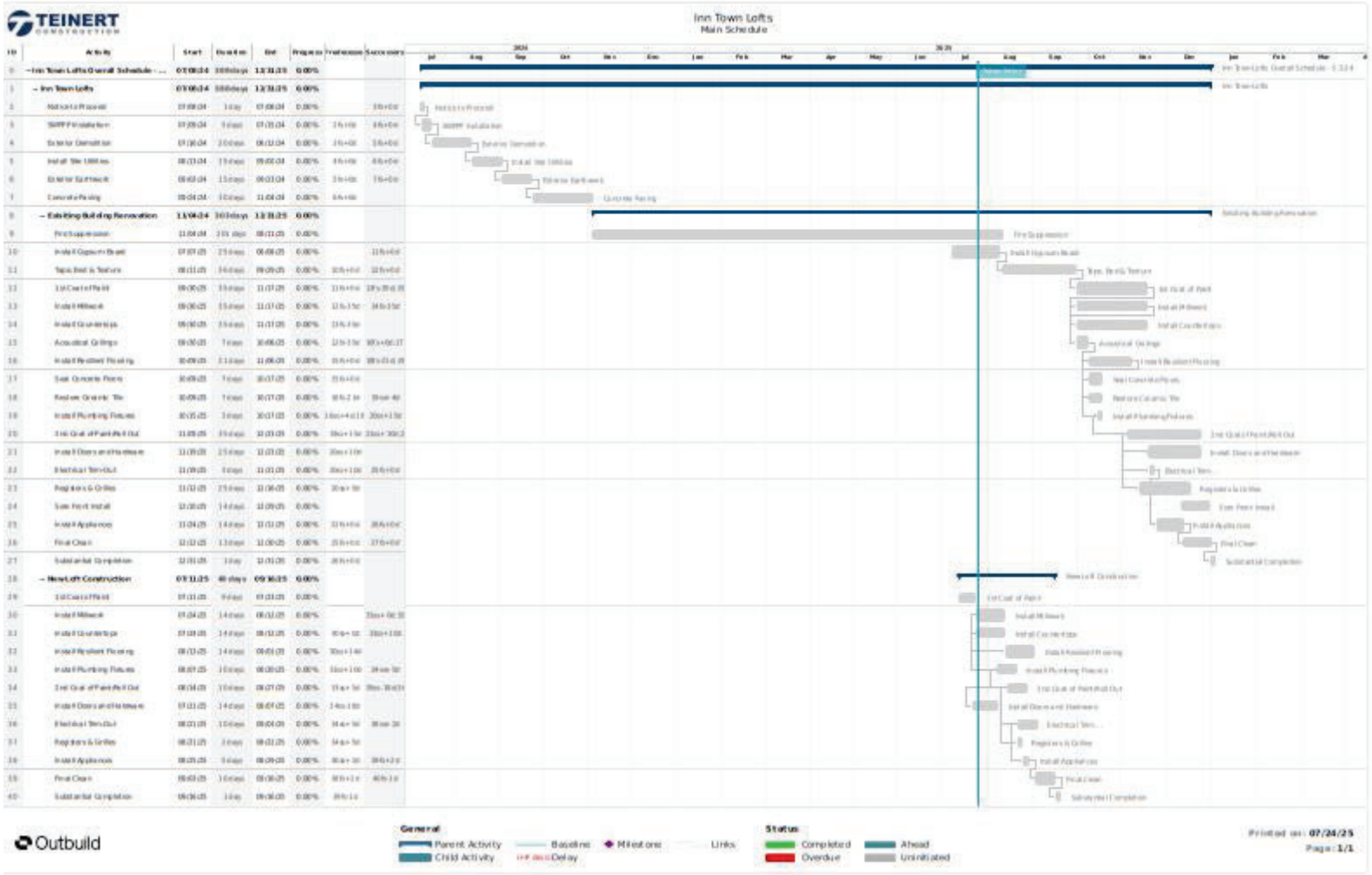
Sincerely,

HTG LUBBOCK, LLC,
a Texas limited liability company

By: HTG LUBBOCK MEMBER, LLC,
a Florida limited liability company,
its managing member

By: _____
Matthew Rieger, Manager

Exhibit A


TEINERT CONSTRUCTION
Inn Town Lofts
Main Schedule
Activity
Start
Duration
Finish
Progress
Predecessors
Successors
Outbuild
General
Parent Activity
Child Activity
Baseline
Delay
Milestone
Links
Status
Completed
Overdue
Ahead
Uninitiated
Printed on: 07/24/25
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INN TOWN LOFTS

Weather & Delay Log

Month/Day	Reason	Allowed Days Lost	Lost Days	Precip.	Net Requested	Comments
July						
7/22/2024	Rain		2		2	Site Too Wet
7/23/2024	Rain		2		2	Site Too Wet
September						
9/3/2024	Rain		2		2	Site Too Wet
9/5/2024	Rain		2		2	Site Too Wet
9/20/2024	Rain		2		2	Site Too Wet
November						
11/4/2024	Rain		2		2	Site Too Wet
11/7/2024	Rain		2		2	Site Too Wet
11/18/2024	Rain		2		2	Site Too Wet
January						
1/6/2025	Freezing Temp		1		1	All Hoses Froze
1/7/2025	Freezing Temp		1		1	All Hoses Froze
1/9/2025	Snow		1		1	All Hoses Froze/Site Too Wet
1/10/2025	Snow		3		3	Site Too Wet
1/20/2025	Freezing Temp		1		1	Hoses Froze
1/21/2025	Freezing Temp		1		1	Hoses Froze
1/30/2025	Rain		2		2	Site Too Wet
February						
2/12/2025	Freezing Temp		1		1	All Water Froze
2/13/2025	Freezing Temp		1		1	All Water Froze
2/18/2025	Freezing Temp		1		1	All Water Froze
2/19/2025	Freezing Temp		1		1	All Water Froze
2/20/2025	Freezing Temp		1		1	All Water Froze
2/21/2025	Freezing Temp		1		1	All Water Froze
March						
3/4/2025	Rain		2		2	Site Too Wet
3/14/2025	Wind		1		1	70+ mph
3/21/25 - 5/21/25	LP&L Delays		61		61	LP&L delays getting transformer on site due to TTU fire on campus.
3/29/2025 - 6/9/25	Fire Line Delay		72			Newest Fire Line proposal has been presented to COL Fire Marshall; 72 day delay that overlaps with LP&L.
					11	Time variance between LP&L & Fire Suppression
April						
5/5/2025	Rain		2		2	Site Too Wet
5/6/2025	Rain		2		2	Site Too Wet

Total Days **111**

Real Estate Analysis Division
May 22, 2024

Addendum to Underwriting Report

TDHCA Application # **23510_23952_21235** Program(s): **9% HTC**

Inn Town Lofts

Address/Location: 1202 Main Street

City: Lubbock County: Lubbock Zip: 79401

	APPLICATION HISTORY
Report Date	**PURPOSE**
05/22/24	**MDL Closing Memo**
12/20/23	MDL Award Memo
02/27/23	Supplemental Credit Memo
07/19/21	Original Underwriting Report

ALLOCATION

	Previous Allocation				RECOMMENDATION				
TDHCA Program	**Amount**	**Rate**	**Amort**	**Term**	**Amount**	**Rate**	**Amort**	**Term**	**Lien**
MF Direct Loan (ERA2)	$4,300,000	2.00%	40	40	**$4,300,000**	**2.00%**	**40**	**40**	**1**
LIHTC (9% Credit)	$1,453,902				**$1,453,902**				

* Multifamily Direct Loan Terms:

* Lien position after conversion to permanent. The Department's lien position during construction may vary.

CONDITIONS STATUS

1 Receipt and acceptance before Direct Loan Contract

a: Certification of testing for lead in drinking water, as recommended in the ESA, and provide the Department any recommended mitigation measures as proposed by the ESA provider.

Status: Recommended mitigation includes replacement of existing plumbing systems, to be confirmed by Condition 2A at Project Completion.

2 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.

Status: 2 (a-d) Satisfied.

2A Receipt and acceptance at Project Completion

a: Certification that issues related to lead in drinking water have been resolved through replacement of existing plumbing systems.

Status: To be cleared by program staff.

3 Receipt and acceptance by Cost Certification:

a: Certification that additional environmental investigation was performed to assess any adverse impact from underground storage tanks, hydraulic lifts, automotive shop floor drain, unknown pool fill material, and any other risks identified in the ESA, and if necessary, that any recommended mitigation measures were fully implemented.

b: Certification of comprehensive testing for asbestos and lead-based paint; that any appropriate abatement procedures were implemented; and that any remaining asbestos-containing materials and lead-based paint are being managed in accordance with an acceptable Operations and Maintenance (O&M) program.

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	19
60% of AMI	60% of AMI	19
80% of AMI	80% of AMI	9

TDHCA SET-ASIDES for DIRECT LOAN LURA		
Income Limit	Rent Limit	Number of Units
50% of AMFI	ERA-2	43

ANALYSIS

Inn Town Lofts was awarded a 9% HTC allocation in 2021 and a Supplemental Tax Credit allocation in 2023. In February 2024 the Board approved a $4,300,000 Emergency Rental Assistance (ERA2) Multifamily Direct Loan as a first lien at 2.00% interest with 40-year amortization and term.

Operating Pro Forma

The operating pro forma has been updated to reflect 2024 Program Rents.

Underwritten Net Operating Income has increased $20K to $211,981.

First year Debt Coverage Ratio has improved to 1.36. The QAP allows a DCR greater than 1.35 when a Multifamily Direct Loan is the first lien.

Development Cost

Hard Construction Cost is unchanged since the previous underwriting.

Total Developer Fee is unchanged since the original 9% HTC application.

Total Development Cost has increased $180K to $21,383,635.

Sources of Funds

JP Morgan Chase Bank will provide a $12,000,000 construction at 8.00% interest with 24-month term.

NEF will provide $11,921,997 Housing Tax Credit Equity at $0.82 and $1,937,646 Federal Historic Credit Equity at $0.90.

Previous underwriting included investor equity derived from State Historic Tax Credits. This financing has been revised such that the Developer will donate the State Historic Tax Credits to AM Affordable Housing, a non-profit corporation. AM Affordable will syndicate the Credits for a net price of $0.94. AM Affordable will then provide the $2,564,600 proceeds to the Development in the form of a 40-year deferred payable loan at 1.00% simple interest.

Permanent sources also include $350,000 from the City of Lubbock.

Underwriting indicates $309,392 Deferred Developer Fee.

REA recommends proceeding to Close the $4,300,000 Multifamily Direct Loan as a first lien at 2.00% interest with 40-year amortization and term. Annualized monthly debt service is $156,258.

MDL construction term is coterminous with senior construction loan.

Underwriter: *Thomas Cavanagh*

Director of Real Estate Analysis: *Jeanna Adams*

Inn Town Lofts, Lubbock, 9% HTC #23510_23952_21235
Unit Mix

# Units	Bed rooms	Bath rooms	Unit Size (NRA SF)	Total NRA (sf)	Tax Credit Designation	MFDL
4	0	1	558	2,232	TC 30%	ERA2
2	0	1	572	1,144	TC 30%	ERA2
4	0	1	572	2,288	TC 50%	ERA2
2	0	1	603	1,206	TC 50%	ERA2
1	0	1	610	610	TC 50%	ERA2
4	0	1	623	2,492	TC 60%	ERA2
4	0	1	626	2,504	TC 60%	ERA2
1	0	1	650	650	TC 60%	
3	0	1	650	1,950	TC 80%	
1	0	1	825	825	TC 80%	
2	1	1	653	1,306	TC 30%	ERA2
2	1	1	653	1,306	TC 60%	ERA2
3	1	1	672	2,016	TC 50%	ERA2
1	1	1	672	672	TC 60%	
1	1	1	702	702	TC 80%	
1	1	1	718	718	TC 80%	
1	2	2	859	859	TC 30%	ERA2
1	2	2	859	859	TC 50%	ERA2
2	2	1	884	1,768	TC 50%	ERA2
2	2	1	950	1,900	TC 50%	ERA2
4	2	1	1,011	4,044	TC 60%	ERA2
1	2	1	1,011	1,011	TC 60%	
1	2	1	1,011	1,011	TC 80%	
4	3	2	1,216	4,864	TC 50%	ERA2
1	3	2	1,216	1,216	TC 60%	ERA2
1	3	2	1,216	1,216	TC 60%	
2	3	2	1,216	2,432	TC 80%	
56				**43,801**		

Inn Town Lofts, Lubbock, 9% HTC #23510_23952_21235

Uses of Funds

Description	Hard Cost	Total Development Cost
Land Acquisition		$500,000
Building Acquisition		$1,895,000
Title Recording		$20,000
Site Work	$1,271,173	$1,271,173
Site Amenities	$100,000	$100,000
Building Cost	$8,952,880	$8,952,880
Contingency		$1,032,405
Contractor Fees		$1,589,903
Soft Costs		$1,798,178
Financing		$2,041,019
Developer Fee		$1,943,378
Reserves		$239,699
Totals	**$10,324,053**	**$21,383,635**

Inn Town Lofts, Lubbock, 9% HTC #23510_23952_21235
Sources of Funds

		Interim			Permanent Period			
Source	**Type**	**Principal**	**Term**	**Rate**	**Principal**	**Term**	**Amort**	**Rate**
Debt								
JP Morgan Chase N.A.	Construction Loan	$12,000,000	24	8.00%				
TDHCA	MF Direct Loan (ERA2)	$4,300,000	24	0.00%	$4,300,000	40	40	2.00%
Cash Flow Debt / Grants								
AM Affordable Housing Inc	State Historic Credit Loan				$2,564,600	40	N/A	1.00%
City of Lubbock	TIF	$225,000			$225,000			
City of Lubbock	Economic Development	$125,000			$125,000			
TOTAL		**$16,650,000**			**$7,214,600**			
Third Party Equity								
NEF -Housing Tax Credits	LIHTC Equity	$5,318,013			$11,921,997			
NEF - Historic Credits	Federal Historic Equity	$1,032,181			$1,937,646			
TOTAL		**$6,350,194**			**$13,859,643**			
Partnership Debt								
Deferred Developer Fee	Deferred Developer Fees	$0			$309,392			
TOTAL		**$0**			**$309,392**			
TOTAL CAPITALIZATION		**$23,000,194**			**$21,383,635**			

Real Estate Analysis Division
December 20, 2023

Addendum to Underwriting Report

TDHCA Application # 23510_23952_21235 Program(s): **9% HTC**

Inn Town Lofts

Address/Location: 1202 Main Street

City: Lubbock County: Lubbock Zip: 79401

	APPLICATION HISTORY
Report Date	**PURPOSE**
12/20/23	**MDL Award Memo**
02/27/23	Supplemental Credit Memo
07/19/21	Original Underwriting Report

ALLOCATION

	Previous Allocation				RECOMMENDATION				
TDHCA Program	**Amount**	**Rate**	**Amort**	**Term**	**Amount**	**Rate**	**Amort**	**Term**	**Lien**
MF Direct Loan (ERA2)	$0	N/A	N/A	N/A	**$4,300,000**	**2.00%**	**40**	**40**	**1**
LIHTC (9% Credit)	$1,453,902				**$1,453,902**				

* Multifamily Direct Loan Terms:

* Pursuant to 10 TAC §13.8(a), the term of a Multifamily Direct Loan should match the term of any superior loan (within 6 months).

* Lien position after conversion to permanent. The Department's lien position during construction may vary.

CONDITIONS STATUS

1 Receipt and acceptance before Direct Loan Contract

a: Certification of testing for lead in drinking water, as recommended in the ESA, and provide the Department any recommended mitigation measures as proposed by the ESA provider.

Status: To be cleared by program staff.

2 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.

3 Receipt and acceptance by Cost Certification:

a: Certification that additional environmental investigation was performed to assess any adverse impact from underground storage tanks, hydraulic lifts, automotive shop floor drain, unknown pool fill material, and any other risks identified in the ESA, and if necessary, that any recommended mitigation measures were fully implemented.

b: Certification of comprehensive testing for asbestos and lead-based paint; that any appropriate abatement procedures were implemented; and that any remaining asbestos-containing materials and lead-based paint are being managed in accordance with an acceptable Operations and Maintenance (O&M) program.

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	19
60% of AMI	60% of AMI	19
80% of AMI	80% of AMI	9

TDHCA SET-ASIDES for DIRECT LOAN LURA		
Income Limit	Rent Limit	Number of Units
50% of AMFI	ERA-2	43

ANALYSIS

The Development was awarded a 9% HTC allocation in 2021 and received a 15.00% increase in annual tax credit allocation consistent with the 2023 QAP Subchapter F, Supplement Housing Tax Credits. The Development was awarded $1,264,263 in 9% Housing Tax Credits in 2021 and a 15% increase of $189,639 in 2023 Supplemental Housing Tax Credits, for a total allocation of $1,453,902. Tax credits will be calculated at cost certification based on actual eligible costs incurred.

Per Subchapter F, the developer fee cannot increase from the previously published underwriting report, and the deferred developer fee cannot decrease from the previously published underwriting report.

TDHCA approved a material amendment on October 26, 2023 that included site plan, a reduced NRA and common area, and architectural design changes.

The applicant provided a contractor schedule of values to support the development cost schedule. The applicant provided a letter indicating they are receiving a sales tax exemption for construction materials, which is not shown in the development cost schedule.

Underwriter recommends a first lien Multifamily Direct Loan in the amount of $4,300,000 at a 2.00% interest rate with a 40 year term and 40 year amortization after conversion to permanent. Under these terms, the annualized monthly debt service payment is $156,258. The construction term is assumed at 24 months to match the senior interim construction loan. The MDL will be in a 2nd lien position during construction.

Underwriter: *Deborah Willson*

Manager of Real Estate Analysis: *Gregg Kazak*

Director of Real Estate Analysis: *Jeanna Adams*

UNIT MIX/RENT SCHEDULE

Inn Town Lofts, Lubbock, 9% HTC #23510_23952_21235

LOCATION DATA	
CITY:	Lubbock
COUNTY:	Lubbock
Area Median Income	$84,600
PROGRAM REGION:	1
PROGRAM RENT YEAR:	2023

UNIT DISTRIBUTION				
# Beds	# Units	% Total	Assisted	MDL
Eff	26	46.4%	0	21
1	10	17.9%	0	7
2	12	21.4%	0	10
3	8	14.3%	0	5
4	-	0.0%	0	0
5	-	0.0%	0	0
TOTAL	56	100.0%	-	43

Pro Forma ASSUMPTIONS	
Revenue Growth	2.00%
Expense Growth	3.00%
Basis Adjust	130%
Applicable Fraction	100%
APP % Acquisition	4.00%
APP % Construction	9.00%
Average Unit Size	782 sf

55% Average Income										
Income	20%	30%	40%	50%	60%	70%	80%	MR	TOTAL
# Units	-	9	-	19	19	-	9	-	56
% Total	0.0%	16.1%	0.0%	33.9%	33.9%	0.0%	16.1%	0.0%	100.0%

UNIT MIX / MONTHLY RENT SCHEDULE

HTC		TDHCA ERA 2		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 30%	$438	ERA2	$730	4	0	1	558	$438	$59	$379	$0	$0.68	$379	**$1,516**	**$1,516**	$379	**$1**	**$0**	$1,075	$1.93	$1,075
TC 30%	$438	ERA2	$730	2	0	1	572	$438	$59	$379	$0	$0.66	$379	**$758**	**$758**	$379	**$1**	**$0**	$1,075	$1.88	$1,075
TC 50%	$730	ERA2	$730	4	0	1	572	$730	$59	$671	$0	$1.17	$671	**$2,684**	**$2,684**	$671	**$1**	**$0**	$1,075	$1.88	$1,075
TC 50%	$730	ERA2	$730	2	0	1	603	$730	$59	$671	$0	$1.11	$671	**$1,342**	**$1,342**	$671	**$1**	**$0**	$1,075	$1.78	$1,075
TC 50%	$730	ERA2	$730	1	0	1	610	$730	$59	$671	$0	$1.10	$671	**$671**	**$671**	$671	**$1**	**$0**	$1,075	$1.76	$1,075
TC 60%	$876	ERA2	$730	4	0	1	623	$730	$59	$671	$0	$1.08	$671	**$2,684**	**$2,684**	$671	**$1**	**$0**	$1,075	$1.73	$1,075
TC 60%	$876	ERA2	$730	4	0	1	626	$730	$59	$671	$0	$1.07	$671	**$2,684**	**$2,684**	$671	**$1**	**$0**	$1,075	$1.72	$1,075
TC 60%	$876			1	0	1	650	$876	$59	$817	$0	$1.26	$817	**$817**	**$817**	$817	**$1**	**$0**	$1,075	$1.65	$1,075
TC 80%	$1,168			3	0	1	650	$1,168	$59	$1,109	$0	$1.71	$1,109	**$3,327**	**$3,225**	$1,075	**$2**	**($34)**	$1,075	$1.65	$1,075
TC 80%	$1,168			1	0	1	825	$1,168	$59	$1,109	$0	$1.34	$1,109	**$1,109**	**$1,109**	$1,109	**$1**	**$0**	$1,170	$1.42	$1,170
TC 30%	$469	ERA2	$781	2	1	1	653	$469	$69	$400	$0	$0.61	$400	**$800**	**$800**	$400	**$1**	**$0**	$1,420	$2.17	$1,420
TC 60%	$938	ERA2	$781	2	1	1	653	$781	$69	$712	$0	$1.09	$712	**$1,424**	**$1,424**	$712	**$1**	**$0**	$1,420	$2.17	$1,420
TC 50%	$781	ERA2	$781	3	1	1	672	$781	$69	$712	$0	$1.06	$712	**$2,136**	**$2,136**	$712	**$1**	**$0**	$1,275	$1.90	$1,275
TC 60%	$938			1	1	1	672	$938	$69	$869	$0	$1.29	$869	**$869**	**$869**	$869	**$1**	**$0**	$1,275	$1.90	$1,275
TC 80%	$1,251			1	1	1	702	$1,251	$69	$1,182	$0	$1.68	$1,182	**$1,182**	**$1,182**	$1,182	**$2**	**$0**	$1,275	$1.82	$1,275
TC 80%	$1,251			1	1	1	718	$1,251	$69	$1,182	$0	$1.65	$1,182	**$1,182**	**$1,182**	$1,182	**$2**	**$0**	$1,275	$1.78	$1,275
TC 30%	$562	ERA2	$937	1	2	2	859	$562	$86	$476	$0	$0.55	$476	**$476**	**$476**	$476	**$1**	**$0**	$1,500	$1.75	$1,500
TC 50%	$937	ERA2	$937	1	2	2	859	$937	$86	$851	$0	$0.99	$851	**$851**	**$851**	$851	**$1**	**$0**	$1,500	$1.75	$1,500
TC 50%	$937	ERA2	$937	2	2	1	884	$937	$86	$851	$0	$0.96	$851	**$1,702**	**$1,702**	$851	**$1**	**$0**	$1,500	$1.70	$1,500
TC 50%	$937	ERA2	$937	2	2	1	950	$937	$86	$851	$0	$0.90	$851	**$1,702**	**$1,702**	$851	**$1**	**$0**	$1,500	$1.58	$1,500
TC 60%	$1,125	ERA2	$937	4	2	1	1,011	$937	$86	$851	$0	$0.84	$851	**$3,404**	**$3,404**	$851	**$1**	$0	$1,500	$1.48	$1,500
TC 60%	$1,125			1	2	1	1,011	$1,125	$86	$1,039	$0	$1.03	$1,039	**$1,039**	**$1,039**	$1,039	**$1**	$0	$1,500	$1.48	$1,500
TC 80%	$1,500			1	2	1	1,011	$1,500	$86	$1,414	$0	$1.40	$1,414	**$1,414**	**$1,414**	$1,414	**$1**	$0	$1,500	$1.48	$1,500
TC 50%	$1,083	ERA2	$1,083	4	3	2	1,216	$1,083	$100	$983	$0	$0.81	$983	**$3,932**	**$3,932**	$983	**$1**	$0	$2,000	$1.64	$2,000
TC 60%	$1,299	ERA2	$1,083	1	3	2	1,216	$1,083	$100	$983	$0	$0.81	$983	**$983**	**$983**	$983	**$1**	$0	$2,000	$1.64	$2,000
TC 60%	$1,299			1	3	2	1,216	$1,299	$100	$1,199	$0	$0.99	$1,199	**$1,199**	**$1,199**	$1,199	**$1**	$0	$2,000	$1.64	$2,000
TC 80%	$1,733			2	3	2	1,216	$1,733	$100	$1,633	$0	$1.34	$1,633	**$3,266**	**$3,266**	$1,633	$1.34	$0	$2,000	$1.64	$2,000
TOTALS/AVERAGES:				**56**			**43,801**				**$0**	**$1.03**	**$806**	**$45,153**	**$45,051**	**$804**	**$1.03**	**($2)**	**$1,346**	**$1.72**	**$1,346**

ANNUAL POTENTIAL GROSS RENT:	$541,836	$540,612	

STABILIZED PRO FORMA

Inn Town Lofts, Lubbock, 9% HTC #23510_23952_21235

	STABILIZED FIRST YEAR PRO FORMA																
	COMPARABLES				APPLICANT				PRIOR REPORT		TDHCA				VARIANCE	
	Database		2023 Lubbock		% EGI	Per SF	Per Unit	Amount	Applicant	TDHCA	Amount	Per Unit	Per SF	% EGI	%	$
POTENTIAL GROSS RENT						$1.03	$806	$541,836	$472,872	$472,872	$540,612	$804	$1.03		0.2%	$1,224
Secondary Income							$30.00	$20,160	13,440							
Total Secondary Income							$30.00			13,440	$20,160	$30.00			0.0%	$0
POTENTIAL GROSS INCOME								$561,996	$486,312	$486,312	$560,772				0.2%	$1,224
Vacancy & Collection Loss							7.5% PGI	(42,150)	(36,473)	(36,473)	(42,058)	7.5% PGI			0.2%	(92)
EFFECTIVE GROSS INCOME								$519,846	$449,839	$449,839	$518,714				0.2%	$1,132
General & Administrative	$31,235	$558/Unit	$26,391		4.59%	$0.54	$426	$23,844	$23,788	$25,344	$23,844	$426	$0.54	4.60%	0.0%	-
Management	$21,128	6.6% EGI	$18,988		5.92%	$0.70	$550	$30,793	$22,492	$22,492	$30,726	$549	$0.70	5.92%	0.2%	67
Payroll & Payroll Tax	$65,294	$1,166/Unit	$96,896		17.31%	$2.05	$1,607	$90,000	$64,612	$65,294	$90,000	$1,607	$2.05	17.35%	0.0%	-
Repairs & Maintenance	$35,164	$628/Unit	$26,916		5.62%	$0.67	$521	$29,198	$36,094	$33,600	$36,400	$650	$0.83	7.02%	-19.8%	(7,202)
Electric/Gas	$10,352	$185/Unit	$15,674		3.94%	$0.47	$366	$20,472	$17,226	$20,472	$15,674	$280	$0.36	3.02%	30.6%	4,798
Water, Sewer, & Trash	$25,578	$457/Unit	$27,938		4.92%	$0.58	$457	$25,578	$25,838	$25,578	$25,578	$457	$0.58	4.93%	0.0%	0
Property Insurance	$16,330	$0.37 /sf	$49,940		9.22%	$1.09	$856	$47,946	$25,704	$25,704	$47,946	$856	$1.09	9.24%	0.0%	-
Property Tax (@ 100%) 2.1416	$23,254	$415/Unit	$41,637		7.36%	$0.87	$683	$38,236	$48,272	$48,272	$41,637	$744	$0.95	8.03%	-8.2%	(3,401)
Reserve for Replacements					3.23%	$0.38	$300	$16,800	$16,800	$16,800	$16,800	$300	$0.38	3.24%	0.0%	-
Cable TV					0.58%	$0.07	$54	$3,036	$3,036	$3,036	$3,036	$54	$0.07	0.59%	0.0%	-
Supportive Services					0.00%	$0.00	$0	$0	$0	$0	$0	$0	$0.00	0.00%	0.0%	-
TDHCA Compliance fees ($40/HTC unit)					0.43%	$0.05	$40	$2,240	$2,240	$2,240	$2,240	$40	$0.05	0.43%	0.0%	-
TOTAL EXPENSES					**63.12%**	**$7.49**	**$5,860**	**$ 328,143**	$286,102	$288,832	**$333,880**	**$5,962**	**$7.62**	**64.37%**	**-1.7%**	**$ (5,737)**
NET OPERATING INCOME ("NOI")					**36.88%**	**$4.38**	**$3,423**	**$191,703**	$163,737	$161,007	**$184,834**	**$3,301**	**$4.22**	**35.63%**	**3.7%**	**$ 6,870**
CONTROLLABLE EXPENSES							$3,377/Unit					$3,420/Unit				

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Inn Town Lofts, Lubbock, 9% HTC #23510_23952_21235

DEBT / GRANT SOURCES

		APPLICANT'S PROPOSED DEBT/GRANT STRUCTURE									AS UNDERWRITTEN DEBT/GRANT STRUCTURE						
		Cumulative DCR							Prior Underwriting							Cumulative	
DEBT (Must Pay)	Fee	UW	App	Pmt	Rate	Amort	Term	Principal	Applicant	TDHCA	Principal	Term	Amort	Rate	Pmt	DCR	LTC
MF Direct Loan (ERA2)		1.18	1.23	156,258	2.00%	40	40	$4,300,000	$2,800,000	$2,800,000	$4,300,000	40	40	2.00%	$156,258	1.23	20.3%
CASH FLOW DEBT / GRANTS																	
City of Lubbock		1.15	1.19		0.00%	0	0	$125,000	$500	$500	$125,000	0	0	0.00%		1.23	0.6%
City of Lubbock		1.15	1.19		0.00%	0	0	$225,000	$0	$0	$225,000	0	0	0.00%		1.23	1.1%
				$160,809	**TOTAL DEBT / GRANT SOURCES**			**$4,650,000**	$2,400,500	$2,400,500	**$4,650,000**			**TOTAL DEBT SERVICE**	**$156,258**	**1.23**	21.9%
NET CASH FLOW		$24,025	$30,894									**APPLICANT**	**NET OPERATING INCOME**	**$191,703**	**$35,445**	**NET CASH FLOW**	

EQUITY SOURCES

		APPLICANT'S PROPOSED EQUITY STRUCTURE						AS UNDERWRITTEN EQUITY STRUCTURE						
						Prior Underwriting								
EQUITY / DEFERRED FEES	DESCRIPTION	% Cost	Annual Credit	Credit Price	Amount	Applicant	TDHCA	Amount	Credit Price	Annual Credit	% Cost	Annual Credits per Unit	Allocation Method	
NEF -HTC	LIHTC Equity	55.2%	$1,264,263	$0.93	$11,702,740	$11,944,504	$11,882,881	$11,702,740	$0.93	$1,264,263	55.2%	$22,576	Applicant Request	
NEF - Historic Credits - Federal	Federal Historic Equity	9.0%		$0.90	$1,916,700	$1,386,401	$1,386,401	$1,916,700	$0.90		9.0%			
Stonehenge - Historic Credits State	State Historic Equity	11.5%		$0.92	$2,448,700	$1,840,276	$1,840,276	$2,448,700	$0.92		11.5%			
Deferred Developer Fee	Deferred Developer Fees	2.3%	(25% Deferred)		$485,496	$138,819	$0	$485,495	(25% Deferred)		2.3%	**Total Developer Fee:**		**$1,943,378**
Additional (Excess) Funds Req'd		0.0%						$0			0.0%			
TOTAL EQUITY SOURCES		78.1%			$16,553,636	$15,310,000	$15,109,558	$16,553,635			78.1%			
TOTAL CAPITALIZATION					**$21,203,636**	$17,710,500	$17,510,058	**$21,203,635**				**15-Yr Cash Flow after Deferred Fee:**		**$97,650**

DEVELOPMENT COST / ITEMIZED BASIS

	APPLICANT COST / BASIS ITEMS							TDHCA COST / BASIS ITEMS					COST VARIANCE	
	Eligible Basis				Prior Underwriting						Eligible Basis			
	Acquisition	New Const. Rehab	Total Costs		Applicant	TDHCA		Total Costs			New Const. Rehab	Acquisition	%	$
Land Acquisition			$8,929 / Unit	$500,000	$500,000	$500,000	$500,000	$8,929 / Unit					0.0%	$0
Building Acquisition	$0		$32,232 / Unit	$1,805,000	$1,500,000	$1,500,000	$1,805,000	$32,232 / Unit				$0	0.0%	$0
Title Recording				$20,000	$20,000	$20,000	$20,000						0.0%	$0
Off-Sites			$ / Unit	$0	$0	$0	$0	$ / Unit					0.0%	$0
Site Work		$895,373	$22,700 / Unit	$1,271,173	$545,899	$533,320	$1,271,173	$22,700 / Unit			$895,373		0.0%	$0
Site Amenities		$100,000	$1,786 / Unit	$100,000	$248,728	$248,728	$100,000	$1,786 / Unit			$100,000		0.0%	$0
Building Cost		$8,952,880	$204.40 /sf	$159,873/Unit	$8,952,880	$7,131,493	$7,144,072	$8,952,880	$159,873/Unit	$204.40 /sf	$8,952,880		0.0%	$0
Contingency		$1,032,405	10.38%	10.000%	$1,032,405	$993,000	$792,612	$1,032,405	10.00%	10.00%	$994,825		0.0%	$0
Contractor Fees		$1,537,291	14.00%	14.00%	$1,589,903	$1,220,677	$1,220,622	$1,589,903	14.00%	14.00%	$1,532,031		0.0%	$0
Soft Costs	$0	$1,748,178		$32,110 / Unit	$1,798,178	$2,392,534	$2,392,534	$1,798,178	$32,110 / Unit		$1,748,178	$0	0.0%	$0
Financing	$0	$1,758,663		$34,840 / Unit	$1,951,019	$1,138,092	$1,138,092	$1,951,019	$34,840 / Unit		$1,615,684	$0	0.0%	$0
Developer Fee	$0	$1,400,000	8.74%	11.849%	$1,943,378	$1,943,378	$1,943,378	$1,943,378	11.96%	8.84%	$1,400,000	$0	0.0%	$0
Reserves				6 Months	$239,699	$76,699	$76,699	$239,699	6 Months				0.0%	$0
TOTAL HOUSING DEVELOPMENT COST (UNADJUSTED BASIS)	**$0**	**$17,424,790**		$378,636 / Unit	**$21,203,635**	$17,710,500	$17,510,058	**$21,203,635**	$378,636 / Unit		**$17,238,971**	**$0**	**0.0%**	**$0**
Acquisition Cost	$0				$0	$0								
Contingency		($37,580)			$0	($200,388)								
Contractor's Fee		($5,260)			$0	$0								
Financing Cost		($142,979)												
Developer Fee	$0	$0			$0	$0								
Reserves					$0	$0								
ADJUSTED BASIS / COST	**$0**	**$17,238,971**		$378,636/unit	**$21,203,635**	$17,510,112	$17,510,058	**$21,203,635**	$378,636/unit		**$17,238,971**	**$0**	**0.0%**	**$0**

TOTAL HOUSING DEVELOPMENT COSTS BASED ON 3RD PARTY SCR/CNA **$21,203,635**

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Inn Town Lofts, Lubbock, 9% HTC #21235

CREDIT CALCULATION ON QUALIFIED BASIS				
	Applicant		TDHCA	
	Acquisition	Construction Rehabilitation	Acquisition	Construction
ADJUSTED BASIS	$0	$17,238,971	$0	$17,238,971
Deduction of Federal Grants		($1,916,700)		($1,916,700)
TOTAL ELIGIBLE BASIS	$0	$15,322,271	$0	$15,322,271
High Cost Area Adjustment		130%		130%
TOTAL ADJUSTED BASIS	$0	$19,918,953	$0	$19,918,953
Applicable Fraction	100.00%	100.00%	100%	100%
TOTAL QUALIFIED BASIS	$0	$19,918,953	$0	$19,918,953
Applicable Percentage	4.00%	9.00%	4.00%	9.00%
ANNUAL CREDIT ON BASIS	$0	$1,792,706	$0	$1,792,706
CREDITS ON QUALIFIED BASIS	$1,792,706		$1,792,706	

	ANNUAL CREDIT CALCULATION BASED ON TDHCA BASIS		FINAL ANNUAL LIHTC ALLOCATION		
			Credit Price $0.9257	Variance to Request	
Method	Annual Credits	Proceeds	Credit Allocation	Credits	Proceeds
Eligible Basis	$1,792,706	$16,594,308	----	----	----
Needed to Fill Gap	$1,316,712	$12,188,235	----	----	----
Applicant Request	$1,264,263	$11,702,740	**$1,264,263**	**$0**	**$0**

Long-Term Pro Forma

Inn Town Lofts, Lubbock, 9% HTC #23510_23952_21235

	Growth Rate	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15	Year 20	Year 25	Year 30
EFFECTIVE GROSS INCOME	2.00%	$519,846	$530,243	$540,848	$551,665	$562,698	$621,264	$685,926	$757,318	$836,140	$923,166
TOTAL EXPENSES	3.00%	$328,143	$337,679	$347,496	$357,600	$368,001	$424,775	$490,399	$566,265	$653,980	$755,408
NET OPERATING INCOME ("NOI")		**$191,703**	**$192,564**	**$193,352**	**$194,065**	**$194,697**	**$196,490**	**$195,527**	**$191,053**	**$182,160**	**$167,758**
EXPENSE/INCOME RATIO		63.1%	63.7%	64.3%	64.8%	65.4%	68.4%	71.5%	74.8%	78.2%	81.8%
MUST -PAY DEBT SERVICE											
MF Direct Loan (ERA2)		$156,258	$156,258	$156,258	$156,258	$156,258	$156,258	$156,258	$156,258	$156,258	$156,258
TOTAL DEBT SERVICE		$156,258	$156,258	$156,258	$156,258	$156,258	$156,258	$156,258	$156,258	$156,258	$156,258
DEBT COVERAGE RATIO		1.23	1.23	1.24	1.24	1.25	1.26	1.25	1.22	1.17	1.07
ANNUAL CASH FLOW		**$35,445**	**$36,306**	**$37,094**	**$37,807**	**$38,439**	**$40,232**	**$39,269**	**$34,795**	**$25,902**	**$11,500**
Deferred Developer Fee Balance		$450,050	$413,744	$376,649	$338,843	$300,404	$101,863	$0	$0	$0	$0
CUMULATIVE NET CASH FLOW		$0	$0	$0	$0	$0	$0	$97,650	$282,147	$431,416	$520,167

Real Estate Analysis Division
February 27, 2023

Addendum to Underwriting Report

TDHCA Application #: **23952_21235** Program(s): **9% HTC**

Inn Town Lofts

Address/Location: 1202 Main Street

City: Lubbock County: Lubbock Zip: 79401

APPLICATION HISTORY	
Report Date	**PURPOSE**
02/27/23	**Supplemental Credit Memo**
07/19/21	Original Underwriting Report

ALLOCATION

	Previous Allocation				RECOMMENDATION				
TDHCA Program	**Amount**	**Rate**	**Amort**	**Term**	**Amount**	**Rate**	**Amort**	**Term**	**Lien**
LIHTC (9% Credit)	$1,264,263				**$1,453,902**				

* Multifamily Direct Loan Terms:

* Pursuant to 10 TAC §13.8(a), the term of a Multifamily Direct Loan should match the term of any superior loan (within 6 months).

* Lien position after conversion to permanent. The Department's lien position during construction may vary.

CONDITIONS STATUS

1 Receipt and acceptance by Cost Certification:

a: Certification that additional environmental investigation was performed to assess any adverse impact from underground storage tanks, hydraulic lifts, automotive shop floor drain, unknown pool fill material, and any other risks identified in the ESA, and if necessary, that any recommended mitigation measures were fully implemented.

b: Certification of comprehensive testing for asbestos and lead-based paint; that any appropriate abatement procedures were implemented; and that any remaining asbestos-containing materials and lead-based paint are being managed in accordance with an acceptable Operations and Maintenance (O&M) program.

c: Certification of testing for lead in drinking water, as recommended in the ESA, and if necessary, that any recommended mitigation measures were fully 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	19
60% of AMI	60% of AMI	19
80% of AMI	80% of AMI	9

ANALYSIS

The Development received a 9% HTC allocation in 2021 and is requesting a 15.00% increase in annual tax credit allocation consistent with the 2023 QAP Subchapter F, Supplement Housing Tax Credits. Tax credits will be calculated at cost certification based on actual eligible costs incurred.

Per Subchapter F, the developer fee cannot increase from the previously published underwriting report, and the deferred developer fee cannot decrease from the previously published underwriting report.

The underwriter recommends a total annual credit allocation of $1,453,902.

Underwriter: *Laura Rogers*

Manager of Real Estate Analysis: *Gregg Kazak*

Director of Real Estate Analysis: *Jeanna Adams*

21235 Inn Town Lofts - Application Summary

REAL ESTATE ANALYSIS DIVISION
July 19, 2021

PROPERTY IDENTIFICATION	
Application #	**21235**
Development	**Inn Town Lofts**
City / County	**Lubbock / Lubbock**
Region/Area	**1 / Urban**
Population	**General**
Set-Aside	**General**
Activity	**Adaptive Re-Use** **(Built in 1964)**

RECOMMENDATION

TDHCA Program	Request	Recommended		
LIHTC (9% Credit)	$1,270,819	**$1,264,263**	**$/Unit**	**$0.00**

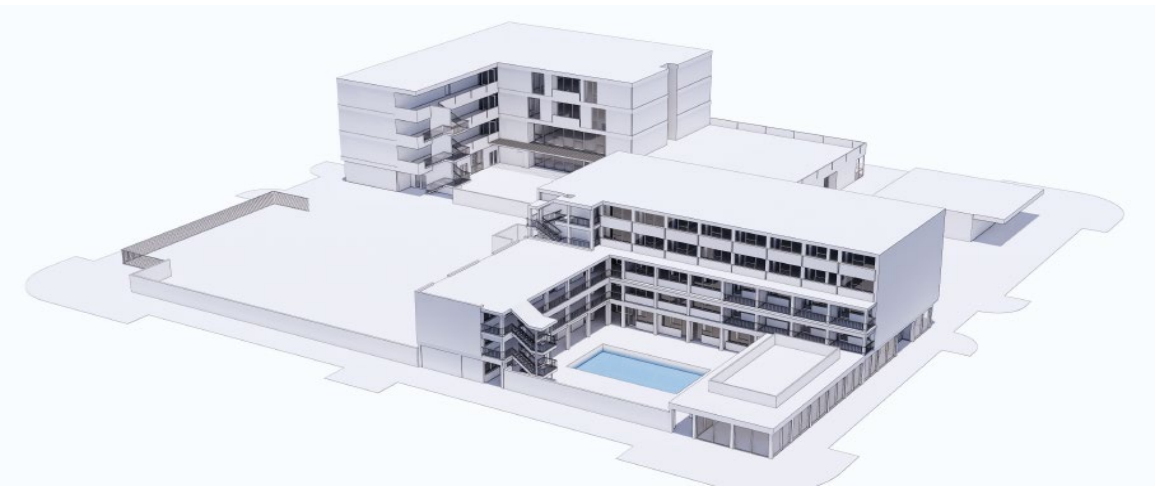
KEY PRINCIPALS / SPONSOR

Housing Trust Group

Randy Rieger
Valentin DeLeon

Related Parties	Contractor - TBD	Seller - No

TYPICAL BUILDING ELEVATION/PHOTO



UNIT DISTRIBUTION

# Beds	# Units	% Total
Eff	26	46%
1	10	18%
2	12	21%
3	8	14%
4	-	0%
TOTAL	56	100%

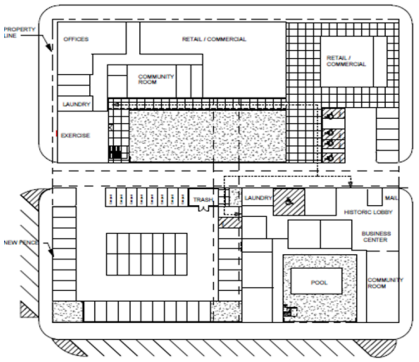
INCOME DISTRIBUTION

Income	# Units	% Total
20%	-	0%
30%	9	16%
40%	-	0%
50%	19	34%
60%	19	34%
70%	-	0%
80%	9	16%
MR	-	0%
TOTAL	56	100%

PRO FORMA FEASIBILITY INDICATORS

Pro Forma Underwritten		Applicant's Pro Forma	
Debt Coverage	1.18	**Expense Ratio**	63.6%
Breakeven Occ.	87.4%	**Breakeven Rent**	$664
Average Rent	$704	**B/E Rent Margin**	$40
Property Taxes	$862/unit	**Exemption/PILOT**	0%
Total Expense	$5,109/unit	**Controllable**	$2,992/unit

SITE PLAN



MARKET FEASIBILITY INDICATORS

Gross Capture Rate (10% Maximum)			1.0%
Highest Unit Capture Rate	7%	0 BR/60%	6
Dominant Unit Cap. Rate	4%	0 BR/50%	11
Premiums (↑60% Rents)	#DIV/0!		#DIV/0!
Rent Assisted Units	N/A		

DEVELOPMENT COST SUMMARY

Costs Underwritten		TDHCA's Costs - Based on PCA	
Avg. Unit Size	813 SF	**Density**	34.9/acre
Acquisition		$36K/unit	$2,020K
Building Cost	$157.01/SF	$128K/unit	$7,144K
Hard Cost		$156K/unit	$8,719K
Total Cost		$313K/unit	$17,510K
Developer Fee	$1,943K	(0% Deferred)	Paid Year: 1
Contractor Fee	$1,221K	**30% Boost**	Yes

REHABILITATION COSTS / UNIT					
Site Work	$10K	6%	Finishes/Fixtures	$24K	15%
Building Shell	$92K	59%	Amenities	$4K	3%
HVAC	$10K	7%	Total Exterior	###	75%
Appliances	$1K	1%	Total Interior	$35K	25%

DEBT (Must Pay)

Source	Term	Rate	Amount	DCR
JP Morgan Chase N.A.	18/35	4.65%	$2,400,000	1.18
TOTAL DEBT (Must Pay)			**$2,400,000**	

CASH FLOW DEBT / GRANT FUNDS

Source	Term	Rate	Amount	DCR
City of Lubbock	0/0	0.00%	$500	1.18
CASH FLOW DEBT / GRANTS			**$500**	

EQUITY / DEFERRED FEES

Source	Amount
Raymond James	$11,882,881
Monarch - Hist. Credits State	$1,386,401
Monarch- Hist. Credits Fed.	$1,840,276
HTG Lubbock Developer	
TOTAL EQUITY SOURCES	**$15,109,558**
TOTAL DEBT SOURCES	**$2,400,500**
TOTAL CAPITALIZATION	**$17,510,058**

- Receipt and acceptance by Cost Certification:
  - a: Certification that additional environmental investigation was performed to assess any adverse impact from underground storage tanks, hydraulic lifts, automotive shop floor drain, unknown pool fill material, and any other risks identified in the ESA, and if necessary, that any recommended mitigation measures were fully implemented.
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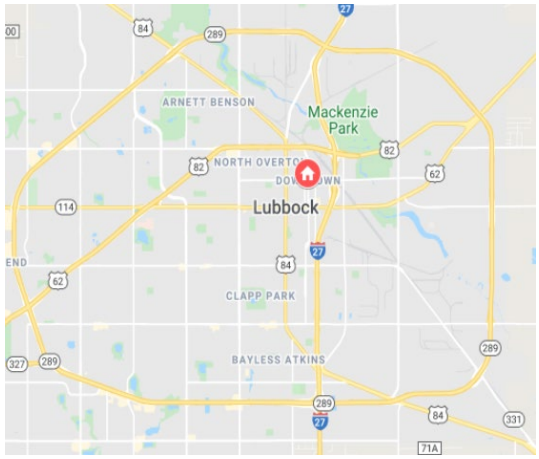
RISK PROFILE

STRENGTHS/MITIGATING FACTORS
▫ Low Gross Capture Rate
▫ Renovation of downtown property
WEAKNESSES/RISKS
▫ 63% expense-to-income ratio
▫ High percentage of studio units

AREA MAP



AERIAL PHOTOGRAPH(s)

Real Estate Analysis Division
Underwriting Report
July 19, 2021

DEVELOPMENT IDENTIFICATION

TDHCA Application #: **21235** Program(s): **9% HTC**

Inn Town Lofts

Address/Location: 1202 Main Street

City: Lubbock County: Lubbock Zip: 79401

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

Activity: Adaptive Re-Use Building Type: Elevator Served Region: 1

Analysis Purpose: New Application - Initial Underwriting

ALLOCATION

	REQUEST				RECOMMENDATION				
TDHCA Program	**Amount**	**Interest Rate**	**Amort**	**Term**	**Amount**	**Interest Rate**	**Amort**	**Term**	**Lien**
LIHTC (9% Credit)	$1,270,819				**$1,264,263**				

- Receipt and acceptance by Cost Certification:
  - a: Certification that additional environmental investigation was performed to assess any adverse impact from underground storage tanks, hydraulic lifts, automotive shop floor drain, unknown pool fill material, and any other risks identified in the ESA, and if necessary, that any recommended mitigation measures were fully implemented.
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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	19
60% of AMI	60% of AMI	19
80% of AMI	80% of AMI	9

DEVELOPMENT SUMMARY

The Subject property is currently improved with a five-story historic building and two single-story vacant commercial buildings. The 5-story building has been used as a hotel from 1964 till 1990. In 1990, the Lubbock Regional MHMR purchased the property and converted the motel into the Jim Kimmel Center, a rehabilitation facility. The Center closed in 1997 and has been vacant since. The existing 5-story historic building will be renovated and adapted to affordable units. Amenities in the historic building will include a community room and business center.

One of the single-story buildings had been used as a restaurant. It will be removed. The other single-story building had previously been used as a gasoline station. This building will be renovated and used for retail.

A new 4-story building will be constructed containing 14 units, community room, exercise room and 5,553 sq ft of retail space. The second story will have a roof garden.

RISK PROFILE

STRENGTHS/MITIGATING FACTORS
▫ Low Gross Capture Rate
▫ Renovation of downtown property

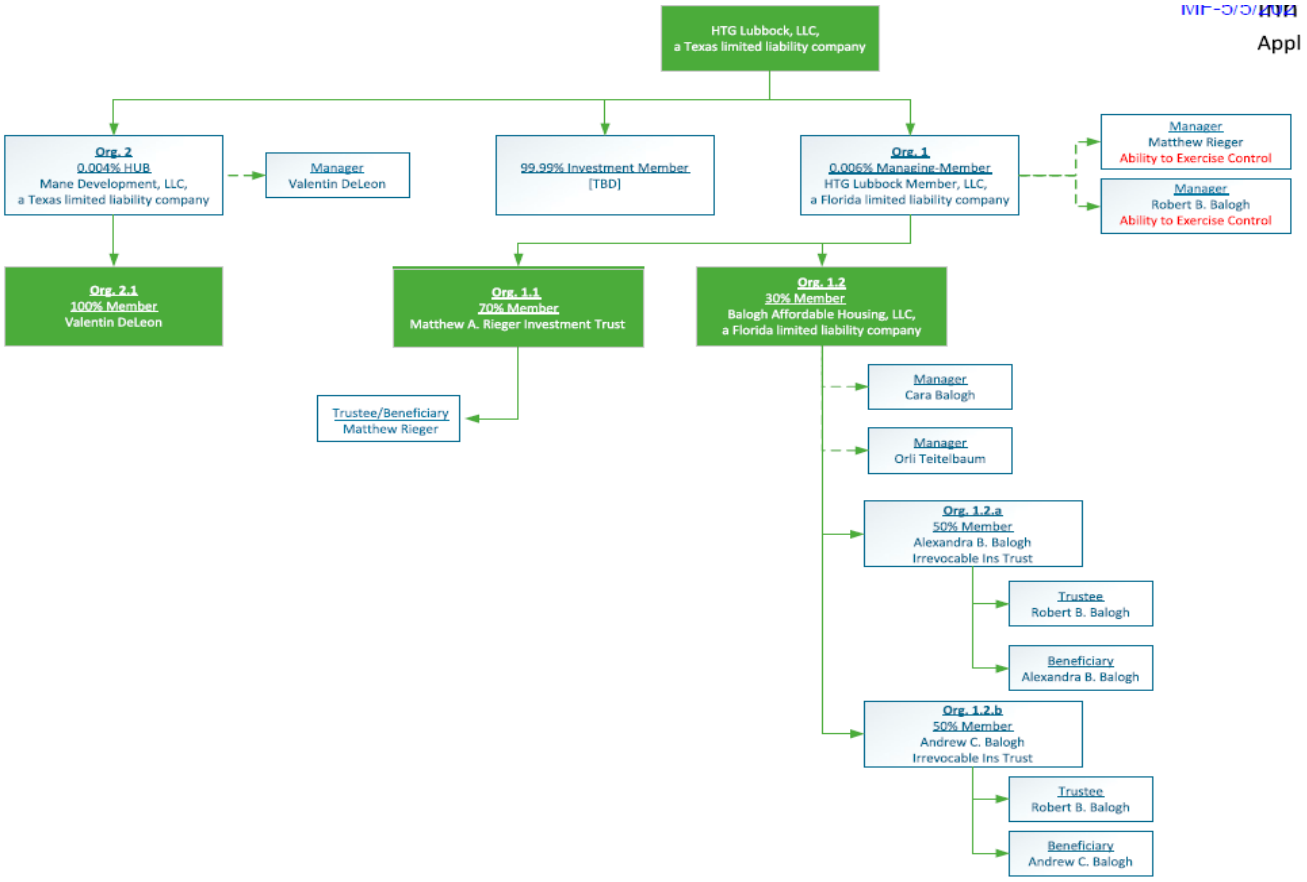
WEAKNESSES/RISKS
▫ 63% expense-to-income ratio
▫ High percentage of studio units

DEVELOPMENT TEAM

PRIMARY CONTACTS

Name:	Matthew Rieger	Name:	Valentin DeLeon
Phone:	(305) 860-8188	Phone:	(786) 536-9104
Relationship:	Developer	Relationship:	Developer

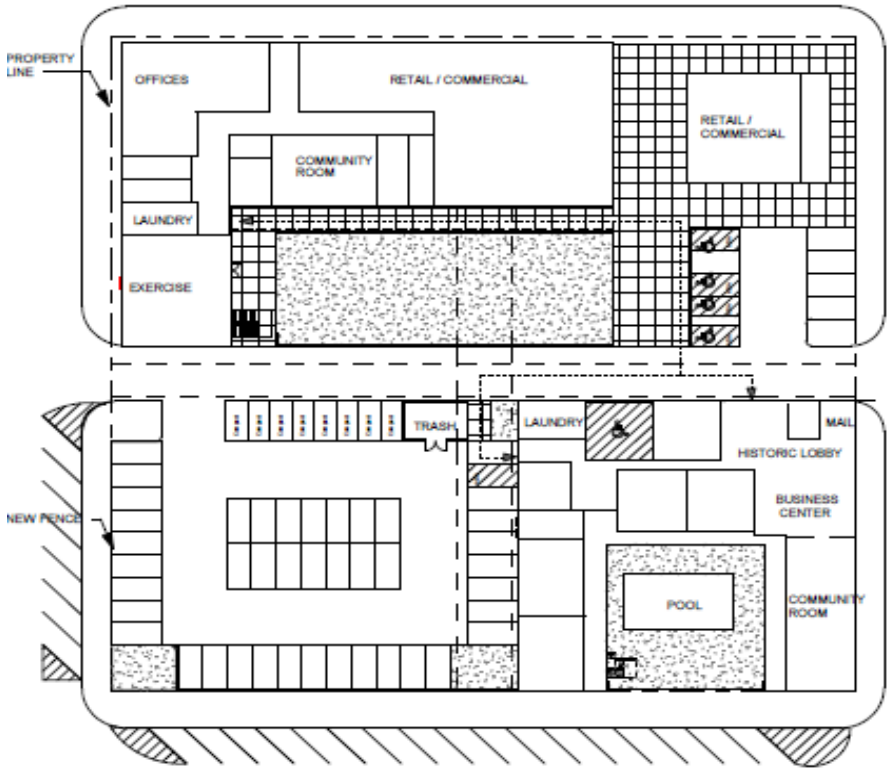
OWNERSHIP STRUCTURE



- Housing Trust Group, HTG has over 40 years of experience and have won Affordable Housing Finance's Top 50 Affordable Developer's List (2018, 2019, 2020). Their residential projects are located in Florida and throughout the Southeastern United State and Arizona and include over 4,000 units of multi-family housing. Their first development in Texas was awarded in 2020.

DEVELOPMENT SUMMARY

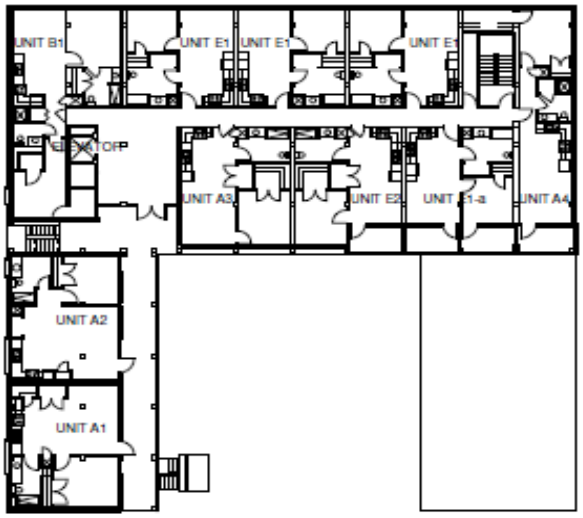
SITE PLAN



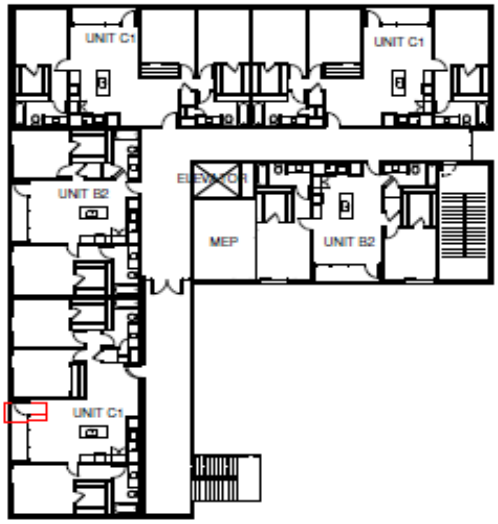
The current parking requirement for the residential use is 56 spaces plus 25 spaces for the retail use for a total of 81 spaces. The City of Lubbock is has engaged WGI to do a master parking planning of the downtown district to support an update to the parking ordinance. Reductions in requirements are anticipated.
The site plan has 45 standard spaces, 8 compact spaces, 5 ADA spaces for a total of 58 spaces (1.0/unit). An additional 30 on street parking spaces are available, but not considered in the calculation.

BUILDING PLAN (Typical)

Historic Building Floor Plan



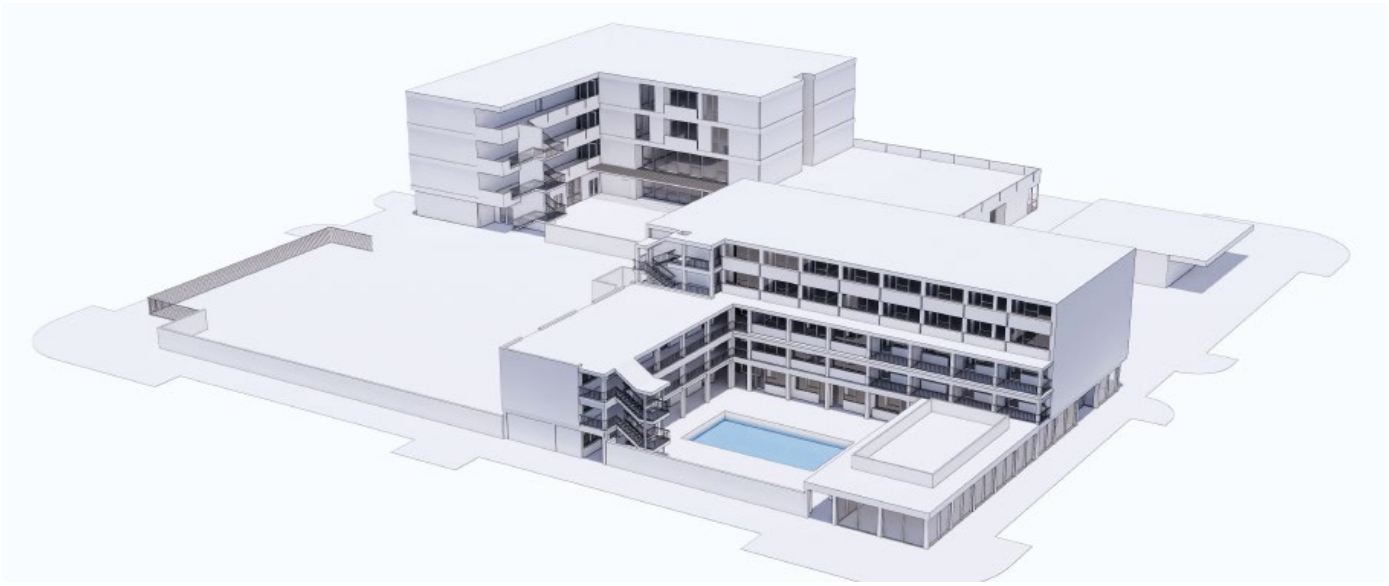
New Building Floor Plan



Comments:

The historical building was previously used as a hotel. Reconfiguration of the layout will provide efficiency (57% of the building) and 1 and 2 bedroom units for a total of 42 units. The new building will have 2 and 3 bedroom units for a total of 14 units. Layout of the units provides efficiencies.

BUILDING ELEVATION



BUILDING CONFIGURATION

Building Type	1	2											**Total Buildings**
Floors/Stories	5	4											
Number of Bldgs	1	1											**2**
Units per Bldg	42	14											
Total Units	42	14											**56**

Avg. Unit Size (SF)	**813 sf**	**Total NRA (SF)**	**45,501**	**Common Area (SF)***	**25,115**

*Common Area Square Footage as specified on Architect Certification

SITE CONTROL INFO

Site Acreage: Development Site: 1.61 acres Density: 34.9 units/acre

Site Control: 1.606 **Site Plan:** 1.606 **Appraisal:** N/A **ESA:** 1.606

Feasibility Report Survey: y Repor **Feasibility Report Engineer's Plan:** 1.606

Control Type: Commercial Contract - Improved Property

Development Site: 1.61 acres Cost: $2,000,000 $35,714 per unit

Seller: Gedala, LLC

Buyer: Housing Trust Group, LLC

Related-Party Seller/Identity of Interest: No

SITE INFORMATION

Flood Zone:	X & AE	Scattered Site?	No
Zoning:	! (Central Business Dis	Within 100-yr floodplain?	Yes
Re-Zoning Required?	No	Utilities at Site?	Yes
Year Constructed:	1964	Title Issues?	No

Current Uses of Subject Site:

There are 3 existing buildings which are all currently unoccupied. The buildings are a 5-story former motel / rehabilitation center, a one-story former automotive shop, a one-story former restaurant.

Surrounding Uses:

The property is bounded on each side by streets. Property uses across the streets are:
North: Parking lot
East: Commercial use & parking
South: Commercial use & parking
West: Commercial use & parking

Other Observations:

Applicant confirmed that no residential structures will be constructed in the floodplain.

The existing water line is a 10-inch cast iron main built in 1909. It may provide some challenges to utilize this line. An alternative connection is the 12-inch PVC main along Maini Street constructed in 2008. There are 2-inch cast iron service lines running throughout the property. The engineer recommends that these lines be abandoned and new service lines put in place. The wastewater line is a 6" vitrified clay pipe that runs thought middle of the block. It was installed in 1909. The engineer recommends these lines be abandoned and new service lines put in place.

An alley that once ran through the middle of the site was abandoned by the City of Lubbock. The site has been assembled into a single tract.

HIGHLIGHTS of ENVIRONMENTAL REPORTS

Provider: ECS Southwest, LLP Date: 2/26/2021

Recognized Environmental Conditions (RECs) and Other Concerns:

- A filling station was located on the southeast portion of the property from approximately 1936 until sometime prior to 1979. Three (3) gas tanks were located to the south of the building.

  A filling station and automotive repair shop was located at the southwest portion of the property from at least 1926 until sometime prior to 1952. Up to four (4) tanks have been located on the property. Records of the removal were not found. Considered to be a REC.

  The former automotive repair shop and filling station located at the northeast corner of the property contain two hydraulic lifts and one floor drain located in the former automotive repair shop and filling station. The site was reported on the LPST, PST and EDR Historical Auto databases. These are considered to be a REC.

- The unknown fill material used to fill the swimming pool associated with the former motel is considered to be a REC.

Comments:

The buildings on the property were built in 1964, 1964 and 1979. The improvements built in 1964 have the potential for both asbestos and lead-based paint. An asbestos and lead-based paint survey is recommended.

Due to the age of the improvements, it is possible that the Subject property has lead-soldered pipe fittings. Lead is considered a Business Environmental Risk (BER) for the property. Additional site-specific testing would be required to ascertain actual lead in drinking water concentrations.

The LPST case associated with the northeast portion of the subject property may be a vapor encroachment condition (VEC).

MARKET ANALYSIS

Provider: Novogradac | Date: 3/22/2021

Contact: Kelly Powell | Phone: 913-312-4624

Primary Market Area (PMA): 46 sq. miles 4 mile equivalent radius

ELIGIBLE HOUSEHOLDS BY INCOME								
Lubbock County Income Limits								
HH Size		1	2	3	4	5	6	7+
30% AMGI	Min	$10,560	$11,310	$13,590	$13,590	---	---	---
	Max	$14,100	$16,110	$18,120	$20,130	---	---	---
50% AMGI	Min	$17,610	$18,870	$22,650	$22,650	$26,160	$26,160	---
	Max	$23,500	$26,850	$30,200	$33,550	$36,250	$38,950	---
60% AMGI	Min	$21,150	$22,650	$27,180	$27,180	$31,410	$31,410	---
	Max	$28,200	$32,220	$36,240	$40,260	$43,500	$46,740	---
80% AMGI	Min	$28,200	$30,210	$36,240	$36,240	$41,880	$41,880	---
	Max	$37,600	$42,960	$48,320	$53,680	$58,000	$62,320	---

AFFORDABLE HOUSING INVENTORY

Competitive Supply (Proposed, Under Construction, and Unstabilized)

File #	Development	In PMA?	Type	Target Population	Comp Units	Total Units
19088	Metro Tower Lofts	Yes	New	General	75	89

Other Affordable Developments in PMA since 2016

18162	Guadalupe Villas	New	Elderly Limitation	n/a	128

Stabilized Affordable Developments in PMA		
	Total Units	11
	Total Developments	1,447
	Average Occupancy	95%

Proposed, Under Construction, and Unstabilized Competitive Supply:

Metro Tower Lofts (#19088) is an awarded 9% deal located in the PMA with 75 units that will directly compete with Subject; these units are included in the capture rates. Guadalupe Villas (#18162) is a senior project, therefore, it's units do not compete with the Subject.

OVERALL DEMAND ANALYSIS				
	Market Analyst			
	HTC	Assisted		
Total Households in the Primary Market Area	20,661			
Potential Demand from the Primary Market Area	12,256			
10% External Demand	1,226			
Potential Demand from Other Sources	0			
GROSS DEMAND	13,482			
Subject Affordable Units	56		56	
Unstabilized Competitive Units	74		75	
RELEVANT SUPPLY	130			
Relevant Supply ÷ Gross Demand = GROSS CAPTURE RATE	**1.0%**			

Population:	**General**	**Market Area:**	**Urban**	**Maximum Gross Capture Rate:**	**10%**

UNDERWRITING ANALYSIS of PMA DEMAND by AMGI BAND										
	Market Analyst									
AMGI Band	Demand	10% Ext	Subject Units	Comp Units	AMGI Band Capture Rate					
30% AMGI	3,010	301	9	8	0.5%					
50% AMGI	1,361	136	19	15	2.3%					
60% AMGI	6,055	606	19	51	1.1%					
80% AMGI	1,830	183	9	0	0.4%					

Demand Analysis:

The capture rate calculation determines the percentage of the qualified demand that is needed to absorb the proposed units. All capture rates reported are below the maximum thresholds.

UNDERWRITING ANALYSIS of PMA DEMAND by UNIT TYPE										
	Market Analyst									
Unit Type	Demand	10% Ext	Subject Units	Comp Units	Unit Capture Rate					
0 BR/30%	359	36	6	4	2.5%					
0 BR/50%	366	37	11	6	4.2%					
0 BR/60%	462	46	6	28	6.7%					
0 BR/80%	419	6	3	0	0.7%					
1 BR/30%	336	34	2	2	1.1%					
1 BR/50%	262	2	2	2	1.5%					
1 BR/60%	433	43	5	8	2.7%					
1 BR/80%	487	49	1	0	0.2%					
2 BR/30%	581	58	1	2	0.5%					
2 BR/50%	495	50	3	7	1.8%					
2 BR/60%	854	85	5	15	2.1%					
2 BR/80%	817	82	3	0	0.3%					
3 BR/50%	397	40	3	0	0.7%					
3 BR/60%	769	77	3	0	0.4%					
3 BR/80%	527	53	2	0	0.3%					

Market Analyst Comments:

Approximately 10.2 percent of the rental housing in Subject's PMA is affordable, while 7.0 percent of the rental housing in the Secondary Market Area (SMA) is affordable. This suggests a strong need for maintaining affordable housing in the PMA and SMA. (p. 38)

The overall average vacancy rate among the comparable is 6.2 percent. We anticipate the Subject will maintain a vacancy rate of five percent or less upon stabilization. (p 98)

OPERATING PRO FORMA

SUMMARY- AS UNDERWRITTEN (Applicant's Pro Forma)					
NOI:	$163,737	Avg. Rent:	$704	Expense Ratio:	63.6%
Debt Service:	$138,986	B/E Rent:	$664	Controllable Expenses:	$2,992
Net Cash Flow:	$24,751	UW Occupancy:	92.5%	Property Taxes/Unit:	$862
Aggregate DCR:	1.18	B/E Occupancy:	87.4%	Program Rent Year:	2020

Pro forma assumes full HTC rents on all units.

Applicant's pro forma includes $250 per unit replacement reserves. Underwriter adjusted to $300 consistent with REA guidelines for Adaptive Reuse developments.

Applicant provided letter from tax consultant to document estimation of property taxes.

Income, expenses and NOI are all within 5%, so feasibility analysis is based on the Applicant's pro forma.

As underwritten 15-year cumulative cash flow is $402,641.

DEVELOPMENT COST EVALUATION

SUMMARY- AS UNDERWRITTEN (TDHCA's Costs- Based on SCR)					
Acquisition	$311,333/ac	$36,071/unit	**$2,020,000**	Contractor Fee	**$1,220,622**
Off-site + Site Work		$13,965/unit	**$782,048**	Soft Cost + Financing	**$3,530,626**
Building Cost	$157.01/sf	$127,573/unit	**$7,144,072**	Developer Fee	**$1,943,378**
Contingency	10.00%	$14,154/unit	**$792,612**	Reserves	**$76,699**

Total Development Cost	$312,680/unit	**$17,510,058**	**Rehabilitation Cost**	**$141,538/unit**

Qualified for 30% Basis Boost?	High Opportunity Index [9% only]

Site Work:

Certified cost off $546K includes $118K for demoition and $47K for asbestos removal durinig demolition; thies costs are not included in eligible basis. The remain $380K ($6,794/unit) is utilized for grading, on-site utilties, paving and detention.

Building Cost:

Building Cost is determined by the third party Scope and Cost Review. The SCR report estimates $3,771,053 for the restoration/re-configuration of the historic building ($77K per unit for 42 dwelling units); and $4,155,067 for the construction of the new building containing 14 dwelling units plus 13,211 sq ft of common area. The cost for the new building is $91.56 per gross sq ft.

SCOPE & COST REVIEW

Provider: Phase Engineering, Inc. Date: 3/3/2021

Contingency:

Applicant's Cost Schedule includes $200,000 Soft Cost Contingency. When this amount is combined with Hard Cost Contingency, overall Contingency exceeds the 10% limit. Total Contingency is adjusted by the excess $200,000.

Ineligible Costs:

$500,000 of budgeted construction cost for commercial space is not included in eligible basis.

Soft Costs:

Underwriter re-classified $200K Soft Cost Contingency and combined with Total Contingency.

Developer Fee:

Total Developer Fee represents 14.57% of development costs. Applicant limited Eligible Developer Fee to 11.11% of eligible cost.

Reserves:

Capitalized Reserves in the Applicant's budget represent less than three months of operating expenses and debt service.

Credit Allocation Supported by Costs:

Total Development Cost	Adjusted Eligible Cost	Credit Allocation Supported by Eligible Basis
$17,510,058	**$13,805,038**	**$1,399,877**

UNDERWRITTEN CAPITALIZATION

INTERIM SOURCES				
Funding Source	**Description**	**Amount**	**Rate**	**LTC**
JP Morgan Chase N.A.	Conventional	$10,570,299	4.38%	69%
Raymond James	HTC	$4,828,629	$0.94	31%
City of Lubbock	§11.9(d)(2)LPS Contribution	$500		0%
		$15,399,428	**Total Sources**	

PERMANENT SOURCES

	PROPOSED				UNDERWRITTEN				
Debt Source	**Amount**	**Interest Rate**	**Amort**	**Term**	**Amount**	**Interest Rate**	**Amort**	**Term**	**LTC**
JP Morgan Chase N.A.	$2,400,000	4.65%	35	18	$2,400,000	4.65%	35	18	14%
City of Lubbock	$500				$500				0%
Total	**$2,400,500**				**$2,400,500**				

	PROPOSED			UNDERWRITTEN			
Equity & Deferred Fees	**Amount**	**Rate**	**% Def**	**Amount**	**Rate**	**% TC**	**% Def**
Raymond James	$11,944,504	$0.94		$11,882,881	$0.940	68%	
Monarch - Hist. Credits State	$1,386,401	$0.82		$1,386,401	$0.82	8%	
Monarch- Hist. Credits Fed.	$1,840,276	$0.78		$1,840,276	$0.78	11%	
HTG Lubbock Developer	$138,819		7%	$0		0%	0%
Total	**$15,310,000**			**$15,109,558**			
				$17,510,058	**Total Sources**		

Comments:

Equity received for Federal Historic Credits is treated as a federal grant and is excluded from LIHTC Eligible Basis.

Credit Price Sensitivity based on current capital structure	
$0.935	Maximum Credit Price before the Development is oversourced and allocation is limited
$0.903	Minimum Credit Price below which the Development would be characterized as infeasible

Comments:

Due to the adjustment to Contingency, Total Sources of Funds exceeds Total Development Cost by $200,442. Applicant's proposed deferred Developer Fee is eliminated, and the HTC equity needed to balance sources and uses is reduced by $61,623.

CONCLUSIONS

Recommended Financing Structure:

Gap Analysis:	
Total Development Cost	$17,510,058
Permanent Sources (debt + non-HTC equity)	$5,627,177
Gap in Permanent Financing	$11,882,881

Possible Tax Credit Allocations:	**Equity Proceeds**	**Annual Credits**
Determined by Eligible Basis	$13,157,530	$1,399,877
Needed to Balance Sources & Uses	$11,882,881	$1,264,263
Requested by Applicant	$11,944,504	$1,270,819

	RECOMMENDATION	
	Equity Proceeds	**Annual Credits**
Tax Credit Allocation	**$11,882,881**	**$1,264,263**

Comments:

Credit recommendation is $1,264,263 as determined by the amount needed to balance sources and uses.

Underwriter: *Laura Rogers*

Manager of Real Estate Analysis: *Jeanna Adams*

Director of Real Estate Analysis: *Thomas Cavanagh*

UNIT MIX/RENT SCHEDULE

Inn Town Lofts, Lubbock, 9% HTC #21235

LOCATION DATA	
CITY:	Lubbock
COUNTY:	Lubbock
Area Median Income	$69,200
PROGRAM REGION:	1
PROGRAM RENT YEAR:	2020

UNIT DISTRIBUTION				
# Beds	# Units	% Total	Assisted	MDL
Eff	26	46.4%	0	0
1	10	17.9%	0	0
2	12	21.4%	0	0
3	8	14.3%	0	0
4	-	0.0%	0	0
5	-	0.0%	0	0
TOTAL	56	100.0%	-	-

Pro Forma ASSUMPTIONS	
Revenue Growth	2.00%
Expense Growth	3.00%
Basis Adjust	130%
Applicable Fraction	100%
APP % Acquisition	4.00%
APP % Construction	9.00%
Average Unit Size	813 sf

55% Average Income	Income	20%	30%	40%	50%	60%	70%	80%	MR	TOTAL
	# Units	-	9	-	19	19	-	9	-	56
	% Total	0.0%	16.1%	0.0%	33.9%	33.9%	0.0%	16.1%	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%	$352	6	0	1	560	$352	$33	$319	$0	$0.57	$319	**$1,914**	**$1,914**	$319	**$1**	**$0**	$925	$1.65	$925
TC 50%	$587	11	0	1	560	$587	$33	$554	$0	$0.99	$554	**$6,094**	**$6,094**	$554	**$1**	**$0**	$925	$1.65	$925
TC 60%	$705	6	0	1	560	$705	$33	$672	$0	$1.20	$672	**$4,032**	**$4,032**	$672	**$1**	**$0**	$925	$1.65	$925
TC 80%	$940	1	0	1	560	$940	$33	$907	$0	$1.62	$907	**$907**	**$907**	$907	**$2**	**$0**	$925	$1.65	$925
TC 80%	$940	2	0	1	629	$940	$33	$907	$0	$1.44	$907	**$1,814**	**$1,814**	$907	**$1**	**$0**	$925	$1.47	$925
TC 30%	$377	2	1	1	687	$377	$43	$334	$0	$0.49	$334	**$668**	**$668**	$334	**$0**	**$0**	$1,060	$1.54	$1,060
TC 50%	$629	2	1	1	696	$629	$43	$586	$0	$0.84	$586	**$1,172**	**$1,172**	$586	**$1**	**$0**	$1,060	$1.52	$1,060
TC 60%	$755	3	1	1	724	$755	$43	$712	$0	$0.98	$712	**$2,136**	**$2,136**	$712	**$1**	**$0**	$1,060	$1.46	$1,060
TC 60%	$755	2	1	1	725	$755	$43	$712	$0	$0.98	$712	**$1,424**	**$1,424**	$712	**$1**	**$0**	$1,060	$1.46	$1,060
TC 80%	$1,007	1	1	1	725	$1,007	$43	$964	$0	$1.33	$964	**$964**	**$964**	$964	**$1**	**$0**	$1,060	$1.46	$1,060
TC 30%	$453	1	2	2	887	$453	$51	$402	$0	$0.45	$402	**$402**	**$402**	$402	**$0**	**$0**	$1,275	$1.44	$1,275
TC 50%	$755	3	2	2	887	$755	$51	$704	$0	$0.79	$704	**$2,112**	**$2,112**	$704	**$1**	**$0**	$1,275	$1.44	$1,275
TC 60%	$906	2	2	2	887	$906	$51	$855	$0	$0.96	$855	**$1,710**	**$1,710**	$855	**$1**	**$0**	$1,275	$1.44	$1,275
TC 60%	$906	3	2	2	1,120	$906	$51	$855	$0	$0.76	$855	**$2,565**	**$2,565**	$855	**$1**	**$0**	$1,275	$1.14	$1,275
TC 80%	$1,208	3	2	2	1,120	$1,208	$51	$1,157	$0	$1.03	$1,157	**$3,471**	**$3,471**	$1,157	**$1**	**$0**	$1,275	$1.14	$1,275
TC 50%	$872	3	3	2	1,456	$872	$66	$806	$0	$0.55	$806	**$2,418**	**$2,418**	$806	**$1**	**$0**	$1,500	$1.03	$1,500
TC 60%	$1,047	3	3	2	1,456	$1,047	$66	$981	$0	$0.67	$981	**$2,943**	**$2,943**	$981	**$1**	**$0**	$1,500	$1.03	$1,500
TC 80%	$1,396	2	3	2	1,456	$1,396	$66	$1,330	$0	$0.91	$1,330	**$2,660**	**$2,660**	$1,330	$0.91	$0	$1,500	$1.03	$1,500
TOTALS/AVERAGES:		**56**			**45,501**				**$0**	**$0.87**	**$704**	**$39,406**	**$39,406**	**$704**	**$0.87**	**$0**	**$1,106**	**$1.36**	**$1,106**
ANNUAL POTENTIAL GROSS RENT:												**$472,872**	**$472,872**						

STABILIZED PRO FORMA

Inn Town Lofts, Lubbock, 9% HTC #21235

	STABILIZED FIRST YEAR PRO FORMA													
	COMPARABLES				APPLICANT				TDHCA				VARIANCE	
	Database		Lubbock		% EGI	Per SF	Per Unit	Amount	Amount	Per Unit	Per SF	% EGI	%	$
POTENTIAL GROSS RENT						$0.87	$704	$472,872	$472,872	$704	$0.87		0.0%	$0
Laundry, pet fees, app fees							$20.00	$13,440						
0							$0.00	$0						
0							$0.00	$0						
Total Secondary Income							$20.00		$13,440	$20.00			0.0%	$0
POTENTIAL GROSS INCOME								$486,312	$486,312				0.0%	$0
Vacancy & Collection Loss							7.5% PGI	(36,473)	(36,473)	7.5% PGI			0.0%	-
Rental Concessions								-	-				0.0%	-
EFFECTIVE GROSS INCOME								$449,839	$449,839				0.0%	$0
General & Administrative	$31,812	$568/Unit	$25,344		5.29%	$0.52	$425	$23,788	$25,344	$453	$0.56	5.63%	-6.1%	(1,556)
Management	$21,540	6.6% EGI	$16,148		5.00%	$0.49	$402	$22,492	$22,492	$402	$0.49	5.00%	0.0%	-
Payroll & Payroll Tax	$65,294	$1,166/Unit	$60,980		14.36%	$1.42	$1,154	$64,612	$65,294	$1,166	$1.44	14.52%	-1.0%	(682)
Repairs & Maintenance	$35,164	$628/Unit	$30,925		8.02%	$0.79	$645	$36,094	$33,600	$600	$0.74	7.47%	7.4%	2,494
Electric/Gas	$10,543	$188/Unit	$20,472		3.83%	$0.38	$308	$17,226	$20,472	$366	$0.45	4.55%	-15.9%	(3,246)
Water, Sewer, & Trash	$25,578	$457/Unit	$39,499		5.74%	$0.57	$461	$25,838	$25,578	$457	$0.56	5.69%	1.0%	260
Property Insurance	$16,330	$0.36 /sf	$15,362		5.71%	$0.56	$459	$25,704	$25,704	$459	$0.56	5.71%	0.0%	-
Property Tax (@ 100%) 2.1416	$23,676	$423/Unit	$37,090		10.73%	$1.06	$862	$48,272	$48,272	$862	$1.06	10.73%	0.0%	-
Reserve for Replacements					3.73%	$0.37	$300	$16,800	$16,800	$300	$0.37	3.73%	0.0%	-
Cable TV					0.67%	$0.07	$54	$3,036	$3,036	$54	$0.07	0.67%	0.0%	-
Supportive Services					0.00%	$0.00	$0	$0	$0	$0	$0.00	0.00%	0.0%	-
TDHCA Compliance fees ($40/HTC unit)					0.50%	$0.05	$40	$2,240	$2,240	$40	$0.05	0.50%	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					0.00%	$0.00	$0	$0	$0	$0	$0.00	0.00%	0.0%	-
Bond Trustee Fees					0.00%	$0.00	$0	$0	$0	$0	$0.00	0.00%	0.0%	-
Issuer Ongoing Compliance Fees					0.00%	$0.00	$0	$0	$0	$0	$0.00	0.00%	0.0%	-
Security					0.00%	$0.00	$0	$0	$0	$0	$0.00	0.00%	0.0%	-
TOTAL EXPENSES					**63.60%**	**$6.29**	**$5,109**	**$ 286,102**	**$288,832**	**$5,158**	**$6.35**	**64.21%**	**-0.9%**	**$ (2,730)**
NET OPERATING INCOME ("NOI")					**36.40%**	**$3.60**	**$2,924**	**$163,737**	**$161,007**	**$2,875**	**$3.54**	**35.79%**	**1.7%**	**$ 2,730**
CONTROLLABLE EXPENSES							$2,992/Unit			$3,041/Unit				

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Inn Town Lofts, Lubbock, 9% HTC #21235

DEBT / GRANT SOURCES

		APPLICANT'S PROPOSED DEBT/GRANT STRUCTURE							AS UNDERWRITTEN DEBT/GRANT STRUCTURE						
		Cumulative DCR												Cumulative	
DEBT (Must Pay)	**Fee**	**UW**	**App**	**Pmt**	**Rate**	**Amort**	**Term**	**Principal**	**Principal**	**Term**	**Amort**	**Rate**	**Pmt**	**DCR**	**LTC**
JP Morgan Chase N.A.		1.15	1.17	140,159	4.65%	35	18	$2,400,000	$2,400,000	18	35	4.65%	$138,986	1.18	13.7%
CASH FLOW DEBT / GRANTS															
City of Lubbock		1.15	1.17		0.00%	0	0	$500	$500	0	0	0.00%		1.18	0.0%
				$140,159			**TOTAL DEBT / GRANT SOURCES**	**$2,400,500**	**$2,400,500**			**TOTAL DEBT SERVICE**	**$138,986**	**1.18**	13.7%
NET CASH FLOW		$20,847	$23,577						**APPLICANT**	**NET OPERATING INCOME**		**$163,737**	**$24,751**	**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**
Raymond James	LIHTC Equity	68.2%	$1,270,819	$0.94	$11,944,504	$11,882,881	$0.94	$1,264,263	67.9%	$22,576	Needed to Fill Gap
Monarch - Hist. Credits State		7.9%		$0.82	$1,386,401	$1,386,401	$0.82		7.9%		
Monarch- Hist. Credits Fed.		10.5%		$0.78	$1,840,276	$1,840,276	$0.78		10.5%		
HTG Lubbock Developer	Deferred Developer Fees	0.8%	(7% Deferred)		$138,819		(0% Deferred)		0.0%	**Total Developer Fee:**	**$1,943,378**
Additional (Excess) Funds Req'd		0.0%				$0			0.0%		
TOTAL EQUITY SOURCES		87.4%			$15,310,000	$15,109,558			86.3%		

TOTAL CAPITALIZATION	**$17,710,500**	**$17,510,058**		**15-Yr Cash Flow after Deferred Fee:**	**$402,641**

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DEVELOPMENT COST / ITEMIZED BASIS

	APPLICANT COST / BASIS ITEMS					TDHCA COST / BASIS ITEMS					COST VARIANCE	
	Eligible Basis							Eligible Basis				
	Acquisition	New Const. Rehab	Total Costs			Total Costs		New Const. Rehab	Acquisition		%	$
Land Acquisition			$8,929 / Unit	$500,000		$500,000	$8,929 / Unit				0.0%	$0
Building Acquisition	$0		$26,786 / Unit	$1,500,000		$1,500,000	$26,786 / Unit		$0		0.0%	$0
				$20,000		$20,000					0.0%	$0
Off-Sites			$ / Unit	$0		$0	$ / Unit				0.0%	$0
Site Work		$380,442	$9,748 / Unit	$545,899		$533,320	$9,524 / Unit		$380,442		2.4%	$12,579
Site Amenities		$248,728	$4,442 / Unit	$248,728		$248,728	$4,442 / Unit		$248,728		0.0%	$0
Building Cost		$6,631,493	$156.73 /sf	$127,348/Unit	$7,131,493	$7,144,072	$127,573/Unit	$157.01 /sf	$6,631,493		-0.2%	($12,579)
Contingency		$926,066	12.75%	12.528%	$993,000	$792,612	10.00%	10.00%	$726,066		25.3%	$200,388
Contractor Fees		$1,118,000	13.66%	13.69%	$1,220,677	$1,220,622	14.00%	14.00%	$1,118,000		0.0%	$54
Soft Costs	$0	$2,362,534		$42,724 / Unit	$2,392,534	$2,392,534	$42,724 / Unit		$2,362,534	$0	0.0%	$0
Financing	$0	$937,775		$20,323 / Unit	$1,138,092	$1,138,092	$20,323 / Unit		$937,775	$0	0.0%	$0
Developer Fee	$0	$1,400,000	11.11%	14.571%	$1,943,378	$1,943,378	14.79%	11.29%	$1,400,000	$0	0.0%	$0
Reserves				2 Months	$76,699	$76,699	2 Months				0.0%	$0
TOTAL HOUSING DEVELOPMENT COST (UNADJUSTED BASIS)	**$0**	**$14,005,038**		$316,259 / Unit	**$17,710,500**	**$17,510,058**	$312,680 / Unit		**$13,805,038**	**$0**	**1.1%**	**$200,442**
Acquisition Cost	$0				$0							
Contingency		($200,000)			($200,388)							
Contractor's Fee		$0			$0							
Financing Cost		$0										
Developer Fee 0	$0	$0			$0							
Reserves					$0							
ADJUSTED BASIS / COST	**$0**	**$13,805,038**		$312,681/unit	**$17,710,112**	**$17,510,058**	$312,680/unit		**$13,805,038**	**$0**	**0.0%**	**$54**
TOTAL HOUSING DEVELOPMENT COSTS BASED ON 3RD PARTY SCR/CNA					**$17,510,058**							

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Inn Town Lofts, Lubbock, 9% HTC #21235

CREDIT CALCULATION ON QUALIFIED BASIS

	Applicant		TDHCA	
	Acquisition	Construction Rehabilitation	Acquisition	Construction
ADJUSTED BASIS	$0	$13,805,038	$0	$13,805,038
Deduction of Federal Grants	$0	($1,840,276)	$0	($1,840,276)
TOTAL ELIGIBLE BASIS	$0	$11,964,762	$0	$11,964,762
High Cost Area Adjustment		130%		130%
TOTAL ADJUSTED BASIS	$0	$15,554,191	$0	$15,554,191
Applicable Fraction	100.00%	100.00%	100%	100%
TOTAL QUALIFIED BASIS	$0	$15,554,191	$0	$15,554,191
Applicable Percentage	4.00%	9.00%	4.00%	9.00%
ANNUAL CREDIT ON BASIS	0	$1,399,877	$0	$1,399,877
CREDITS ON QUALIFIED BASIS	$1,399,877		$1,399,877	

	ANNUAL CREDIT CALCULATION BASED ON TDHCA BASIS		FINAL ANNUAL LIHTC ALLOCATION		
			Credit Price $0.9399	Variance to Request	
Method	Annual Credits	Proceeds	Credit Allocation	Credits	Proceeds
Eligible Basis	$1,399,877	$13,157,530	----	----	----
Needed to Fill Gap	$1,264,263	$11,882,881	**$1,264,263**	**($6,556)**	**($61,623)**
Applicant Request	$1,270,819	$11,944,504	----	----	----

BUILDING COST ESTIMATE

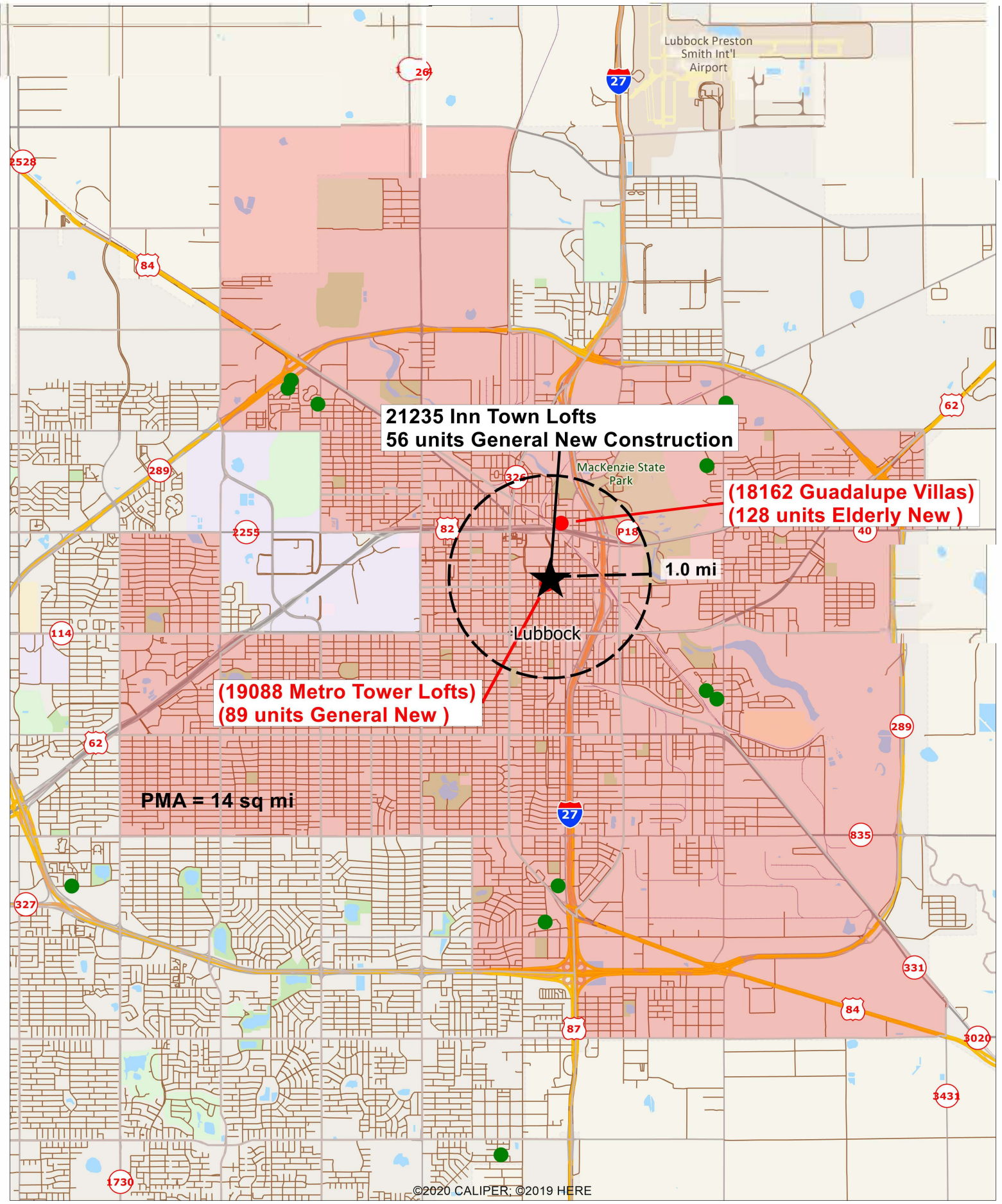
CATEGORY	FACTOR	UNITS/SF	PER SF	
Base Cost: Elevator Served		45,501 SF	$72.16	3,283,391
Adjustments				
Exterior Wall Finish	0.00%		0.00	$0
Elderly	0.00%		0.00	0
9-Ft. Ceilings	3.00%		2.16	98,502
Roof Adjustment(s)			0.00	0
Subfloor			0.36	16,256
Floor Cover			2.56	116,483
Enclosed Corridors	$63.71	9,368	13.12	596,843
Balconies	$31.60	1,370	0.95	43,292
Plumbing Fixtures	$1,610	-280	-9.91	(450,800)
Rough-ins	$600	56	0.74	33,600
Built-In Appliances	$2,950	56	3.63	165,200
Exterior Stairs	$2,460	18	0.97	44,280
Heating/Cooling			2.34	106,472
Storage Space	$63.71	0	0.00	0
Carports	$12.25	0	0.00	0
Garages		0	0.00	0
Common/Support Area	$0.00	0	0.00	0
Elevators	$59,700	2	2.62	119,400
Other:			0.00	0
Fire Sprinklers	$2.59	54,869	3.12	142,111
SUBTOTAL			**94.83**	**4,315,029**
Current Cost Multiplier	1.00		0.00	0
Local Multiplier	0.87		(12.33)	(560,954)
Reserved				0
TOTAL BUILDING COSTS			**82.51**	**$3,754,075**
Plans, specs, survey, bldg permits	3.30%		(2.72)	($123,884)
Contractor's OH & Profit	11.50%		(9.49)	(431,719)
NET BUILDING COSTS		$57,116/unit	$70.29/sf	$3,198,472

Long-Term Pro Forma

Inn Town Lofts, Lubbock, 9% HTC #21235

	Growth Rate	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15	Year 20	Year 25	Year 30	Year 35
EFFECTIVE GROSS INCOME	2.00%	$449,839	$458,835	$468,012	$477,372	$486,920	$537,599	$593,552	$655,330	$723,537	$798,843	$881,988
TOTAL EXPENSES	3.00%	$286,102	$294,460	$303,064	$311,922	$321,041	$370,831	$428,411	$495,008	$572,042	$661,156	$764,257
NET OPERATING INCOME ("NOI")		**$163,737**	**$164,375**	**$164,948**	**$165,450**	**$165,878**	**$166,768**	**$165,141**	**$160,322**	**$151,495**	**$137,687**	**$117,731**
EXPENSE/INCOME RATIO		63.6%	64.2%	64.8%	65.3%	65.9%	69.0%	72.2%	75.5%	79.1%	82.8%	86.7%
MUST -PAY DEBT SERVICE												
TOTAL DEBT SERVICE		$138,986	$138,986	$138,986	$138,986	$138,986	$138,986	$138,986	$138,986	$138,986	$138,986	$138,986
DEBT COVERAGE RATIO		1.18	1.18	1.19	1.19	1.19	1.20	1.19	1.15	1.09	0.99	0.85
ANNUAL CASH FLOW		**$24,751**	**$25,390**	**$25,962**	**$26,464**	**$26,893**	**$27,782**	**$26,156**	**$21,336**	**$12,510**	**($1,298)**	**($21,255)**
Deferred Developer Fee Balance		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
CUMULATIVE NET CASH FLOW		$24,751	$50,141	$76,103	$102,567	$129,460	$267,478	$402,641	$520,390	$602,377	$625,712	$562,070

21235 Inn Town Lofts PMA Map



Disclaimer: This map is not a survey. Boundaries, distance and scale are approximate only.

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1183 **Agenda Date:** 10/9/2025 **Agenda #:** 29.

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 Northpark Garden Villas

RECOMMENDED ACTION

WHEREAS, Northpark Garden Villas was awarded 9% housing tax credits during the 2024 Competitive Housing Tax Credit cycle;

WHEREAS, the Development Owner executed a Carryover Allocation Agreement that included certifications stating each building receiving an allocation would be placed in service by December 31, 2026;

WHEREAS, the Development Owner has requested an extension to the placement-in-service deadline under 10 TAC §11.6(5), related to Credit Returns Resulting from Force Majeure Events;

WHEREAS, the Department lacks authority to extend federal placement-in-service deadlines and may only reset such deadlines by requiring the credits to be returned and immediately reallocated to the Development, as permitted solely under the force majeure provision of the Qualified Allocation Plan (QAP); and

WHEREAS, the Development Owner has submitted documentation demonstrating that a qualifying force majeure event has occurred;

NOW, therefore, it is hereby

RESOLVED, that the request to treat the matter under the force majeure provisions of 10 TAC §11.6(5) is approved, and that the 2024 Qualified Allocation Plan, Uniform Multifamily Rules, and the 2025 Program Calendar shall be applicable to the Development.

BACKGROUND

Development	Northpark Garden Villas
Target Population	General
HTC Award	$2,000,000
City	Houston
Total Units	98
HTC Units	98
Initial Year of Award	2024
Extension Requested	Six Months

Northpark Garden Villas is a 98-unit development located in Houston, Harris County. The

development received an award of 9% Housing Tax Credits in 2024. As a result, the current deadline to place in service in December 31, 2026.

The Application was not initially recommended to the Board for 2024 Tax Credit Award. Instead, the project received a commitment of Housing Tax Credits 74 days later on October 7th as more credits became available later in the cycle. The project has an 18-month construction timeline, and the timing of the Commitment has provided insufficient time to plan, permit, close and construct the development in accordance with the original placed-in-service deadline of December 31, 2026. Additionally, the Applicant experienced delays in the platting and permitting phase due to lengthy reviews and approvals from Harris County of the plat, site development plans and building plans. The platting and permitting caused delays to the closing from the initial target date in June 2025 to the end of August 2025. The project began construction in September. Completion is scheduled for early 2027. The Developer has requested an extension of six months, establishing a new placed-in-service deadline of June 30, 2027.

APPLICABLE RULE

Under 10 TAC §11.6(5), a Development Owner may return credits and receive a reallocation outside the standard allocation process if the return is the result of a qualifying force majeure event occurring prior to issuance of IRS Form(s) 8609. Pursuant to 10 TAC §11.6(5), the Department's Governing Board may approve execution of a Carryover Allocation Agreement for the current program year with the Development Owner that returned the credits, but only if the following conditions are met:

> (A) The credits were returned as a result of "Force Majeure" events that occurred before issuance of Forms 8609. Force Majeure events are the following sudden and unforeseen circumstances outside the control of the Development Owner: acts of God such as fire, tornado, flooding, significant and unusual rainfall or subfreezing temperatures, or loss of access to necessary water or utilities as a direct result of significant weather events; explosion; vandalism; orders or acts of military authority; unrelated party litigation; changes in law, rules, or regulations; national emergency or insurrection; riot; acts of terrorism; supplier failures; or materials or labor shortages. If a Force Majeure event is also a presidentially declared disaster, the Department may treat the matter under the applicable federal provisions. Force Majeure events must make construction activity impossible or materially impede its progress.

Staff has reviewed this request and determined that platting and permitting delays constitute a force majeure event under the rules.

IMPACT OF BOARD DECISION

If the Board approves the request:

- The credits will be returned and reallocated, with the 2024 Qualified Allocation Plan, Uniform Multifamily Rules, and the 2025 Program Calendar applicable to the Development.
- A new Carryover Allocation Agreement will be executed.
- The new 10% Test deadline will be July 1, 2026.

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- The new placed-in-service deadline will be June 30, 2027.

If the Board denies the request:

- The current placed-in-service deadline of December 31, 2026, remains in place.
- The Development Owner may either meet the existing deadline, return the credits, or have the award terminated for failing to meet the deadline.
- Returned credits will first be reallocated within the original subregion in accordance with 10 TAC §11.6(2). If no pending applications are eligible within the subregion, the credits will be added to the statewide collapse for reallocation.

This request has no impact on any funding source other than the Low Income Housing Tax Credit program.

RECOMMENDATION

Staff recommends approval of the request to return and reallocate tax credits for Northpark Garden Villas under the force majeure provisions of 10 TAC §11.6(5).

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CSH Northpark Garden Villas, LTD

3701 Kirby Drive, Suite 860
Houston, TX 77098

August 28th, 2025

Texas Department of Housing & Community Affairs
221 E. 11th Street
Austin, TX 78701
Attn: Cody Campbell

RE: Request for Return and Reallocation of Tax Credits – Force Majeure under 10 TAC 11.6(5)
Northpark Garden Villas (TDHCA Application #24110)

Dear Mr. Campbell,

CSH Northpark Garden Villas, Ltd. (the "Applicant") received an award of 2024 9% Low Income Housing Tax Credits (a "Tax Credit Award") for Northpark Garden Villas (the "Development") located in Houston, Texas.

Following issuance of the Tax Credit Award, the Applicant has made significant progress towards advancing the Development toward closing and completion. The Applicant obtained site development permits and all building permits. The Development is scheduled to close on August 29, 2025. Construction will commence prior to the end of September 2025. Closing on the land acquisition and the financing was originally targeted for June 2025. The Applicant closed on the land purchase in June 2025. However, the Applicant was unable to close on the financing prior to the end of June 2025 as originally anticipated. The timing of the Tax Credit Award (receipt of the Commitment) and delays related to the platting and permitting have impacted the Applicant's ability to close, commence construction and meet the current placed-in-service deadline of December 31, 2026.

The Applicant requests that the TDHCA Board consider and approve this request to exchange the 2024 Tax Credit Award to a 2025 tax credit allocation for CSH Northpark Garden Villas, LTD (24110) and establish the placed-in-service deadline as June 30, 2027 (a six month extension). The request is being made under 10 TAC 11.6(5). The force majeure exchange would allow Northpark Garden Villas to meet the Placed-In-Service ("PIS") deadlines and satisfy a requirement from the Investor that the Applicant obtain an extension to the placed-in-service deadline.

Sudden and Unforeseen Circumstances Outside of the Applicant's Control

1. Tax Credit Award Timing

The Applicant experienced an inherent delay due to the timing of the initial Tax Credit Award. The Development was not included with the developments that were recommended to the Board for 2024 Tax Credit Awards on July 25, 2024. The Commitment was issued to the Development on October 7, 2024. As a result, the Development was "waitlisted" for 74 days prior to receiving a Commitment. The Applicant initiated planning and permitting immediately upon receiving the Commitment. However, with a roughly 18 month construction timeline, the timing of the Commitment has provided insufficient time to plan, permit, close and construct the development in accordance with the original placed-in-service deadline of December 31, 2026.

2. Platting and Permitting Delays

The Applicant experienced delays in the platting and permitting phase due to lengthy reviews and approvals from Harris County of the plat, site development plans and building plans. After initial approval of the plat, Harris County required a substantial revision to the plat due to the change of ownership following the Applicant purchasing the land to meet the readiness to proceed deadline. The County required a design and permitting of improvements to the adjacent roadway despite a traffic study concluding that the conditions were not warranted under the established criteria. Furthermore, Harris County required a substantial redesign of the detention after initial reviews and just prior to final approval. The platting and permitting caused delays to the Closing from the initial target date in June 2025 to the end of August 2025.

3. Summary

The following Force Majeure events have materially impeded progress toward closing, completion and achieving placed-in-service for the Development:

- Waitlisting and receipt of the Commitment for Tax Credit Award
- Assessment, planning and adjustment to unfavorable economic conditions
- Lender(s) closing due diligence and readiness to close
- Municipal plan reviews and excessively prolonged permitting processes

The Applicant believes circumstances, individually and collectively, have created Force Majeure events that have significantly impeded the Applicant's ability to comply with the current placed-in-service deadline. Force Majeure events were unforeseen and have been out the control of the Applicant

The Applicant kindly requests this matter for Northpark Garden Villas be presented to the Board at the meeting on September 4, 2025 with a recommendation for approval for a Force Majeure Tax Credit Exchange with a place-in-service deadline of June 30, 2027. If any additional information is required, please feel free to contact me directly.

Your helpful attention to this matter is greatly appreciated.

Sincerely,

CSH Northpark Garden Villas, LTD

Jervon Harris, Development Consultant
713.503.4477
jervonharris@superurbanrealty.com

North Park Garden Villas

Building Numbers :	Building 1	Building 2	Building 3	Clubhouse
Color Key:				
On-Site Mobilization	9/1/2025			
Site Work & Pad Prep	9/8/2025	10/18/2025	11/27/2025	1/6/2026
Utilities	9/18/2025	10/28/2025	12/7/2025	1/16/2026
Set Building Corners	9/22/2025	11/1/2025	12/11/2025	1/20/2026
Set Batter Boards	9/27/2025	11/6/2025	12/16/2025	1/25/2026
Plumbing Rough In	10/9/2025	11/18/2025	12/28/2025	2/6/2026
Plumbing Inspection	10/14/2025	11/23/2025	1/2/2026	2/11/2026
Set Forms	10/22/2025	12/1/2025	1/10/2026	2/19/2026
Dig Footings	10/29/2025	12/8/2025	1/17/2026	2/26/2026
Termite Treat	11/3/2025	12/13/2025	1/22/2026	3/3/2026
Install Post Tension Cables	11/7/2025	12/17/2025	1/26/2026	3/7/2026
Foundation Inspection	11/15/2025	12/25/2025	2/3/2026	3/15/2026
Pour Foundation	11/16/2025	12/26/2025	2/4/2026	3/16/2026
Frame 1st Floor	11/23/2025	1/2/2026	2/11/2026	3/23/2026
Truss Top of 1st and Deck	12/1/2025	1/10/2026	2/19/2026	3/31/2026
Frame 2nd Floor	12/8/2025	1/17/2026	2/26/2026	4/7/2026
Truss Top of 2nd and Deck	12/13/2025	1/22/2026	3/3/2026	4/12/2026
Frame 3rd Floor	12/21/2025	1/30/2026	3/11/2026	4/20/2026
Set Roof Trusses	12/26/2025	2/4/2026	3/16/2026	4/25/2026
Windstorm/Fascia	12/31/2025	2/9/2026	3/21/2026	4/30/2026
Deck Roof	1/5/2026	2/14/2026	3/26/2026	5/5/2026
Framing Complete	1/9/2026	2/18/2026	3/30/2026	5/9/2026
Roof Dry In	1/14/2026	2/23/2026	4/4/2026	5/14/2026
Set Windows	1/22/2026	3/3/2026	4/12/2026	5/22/2026
Set Patio Doors	1/29/2026	3/10/2026	4/19/2026	5/29/2026
Install Siding/stone/plaster	2/8/2026	3/20/2026	4/29/2026	6/8/2026
Plumbing Rough In & Inspection	2/18/2026	3/30/2026	5/9/2026	6/18/2026
HVAC Rough In & Inspection	2/28/2026	4/9/2026	5/19/2026	6/28/2026
TV & Telephone Rough In	3/5/2026	4/14/2026	5/24/2026	7/3/2026
Electrical Rough in & Insp	3/17/2026	4/26/2026	6/5/2026	7/15/2026
Framing Inspection	3/26/2026	5/5/2026	6/14/2026	7/24/2026
Install Steel Stairs	3/31/2026	5/10/2026	6/19/2026	7/29/2026
Insulation	3/29/2026	5/8/2026	6/17/2026	7/27/2026
Hang Sheetrock	4/17/2026	5/27/2026	7/6/2026	8/15/2026
Tape, Bed & Texture	4/29/2026	6/8/2026	7/18/2026	8/27/2026
Deliver Trim	4/30/2026	6/9/2026	7/19/2026	8/28/2026
Install Trim	5/4/2026	6/13/2026	7/23/2026	9/1/2026
Paint Interior	5/18/2026	6/27/2026	8/6/2026	9/15/2026
Install Balcony Rails	5/21/2026	6/30/2026	8/9/2026	9/18/2026
Install Ceramic Tile	5/31/2026	7/10/2026	8/19/2026	9/28/2026
Install Sidewalks	6/1/2026	7/11/2026	8/20/2026	9/29/2026
Deliver Cabinets	6/2/2026	7/12/2026	8/21/2026	9/30/2026
Install Cabinets & Tops	6/10/2026	7/20/2026	8/29/2026	10/8/2026
Install Electrical Service & Meters	6/14/2026	7/24/2026	9/2/2026	10/12/2026
Install Vinyl Floors	6/24/2026	8/3/2026	9/12/2026	10/22/2026
Del. Dishwashers & disposals	6/27/2026	8/6/2026	9/15/2026	10/25/2026
Plumbing Trim	7/7/2026	8/16/2026	9/25/2026	11/4/2026
Electrical Trim & Set Fixtures	7/14/2026	8/23/2026	10/2/2026	11/11/2026
HVAC Trim & Set Condensers	7/24/2026	9/2/2026	10/12/2026	11/21/2026
Del. Balance of Appliances	7/25/2026	9/3/2026	10/13/2026	11/22/2026
Install Landscaping	7/26/2026	9/4/2026	10/14/2026	11/23/2026
Fire Alarm Trim	8/1/2026	9/10/2026	10/20/2026	11/29/2026
Install Blinds	8/2/2026	9/11/2026	10/21/2026	11/30/2026
Install Signage	8/3/2026	9/12/2026	10/22/2026	12/1/2026
MEP Finals	8/5/2026	9/14/2026	10/24/2026	12/3/2026
Building Final Inspection	8/6/2026	9/15/2026	10/25/2026	12/4/2026
Clean & Stripe Paving	8/7/2026	9/16/2026	10/26/2026	12/5/2026
Fire Marshall Final Inspection	8/13/2026	9/22/2026	10/27/2026	12/11/2026
Certificate of Compliance	8/18/2026	9/27/2026	10/30/2026	12/10/2026
Punch Walk	8/30/2026	10/9/2026	11/18/2026	12/28/2026
Complete Punchlist	9/6/2026	10/16/2026	11/25/2026	1/4/2027
Management Turn Over	10/7/2026	11/16/2026	12/20/2026	1/29/2027

24110 Northpark Garden Villas - Application Summary

REAL ESTATE ANALYSIS DIVISION
September 25, 2024

PROPERTY IDENTIFICATION	
Application #	24110
Development	Northpark Garden Villas
City / County	Houston / Harris
Region/Area	6 / Urban
Population	General
Set-Aside	General
Activity	New Construction

RECOMMENDATION				
TDHCA Program	Request	Recommended		
LIHTC (9% Credit)	$2,000,000	$2,000,000	$20,408/Unit	$0.89

KEY PRINCIPALS / SPONSOR

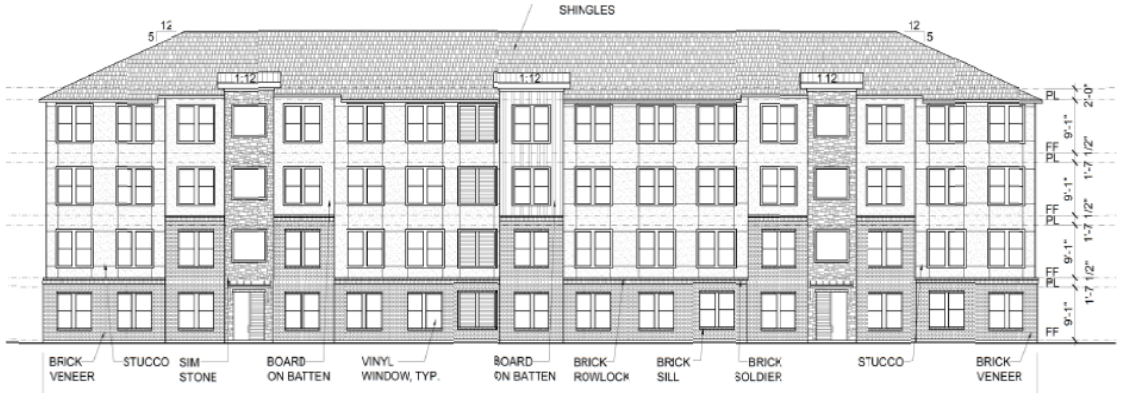
Inter-Faith Group/Russ Michaels
Owner/Developer/Guarantor

Nations Construction/Michael Czapski
General Contractor

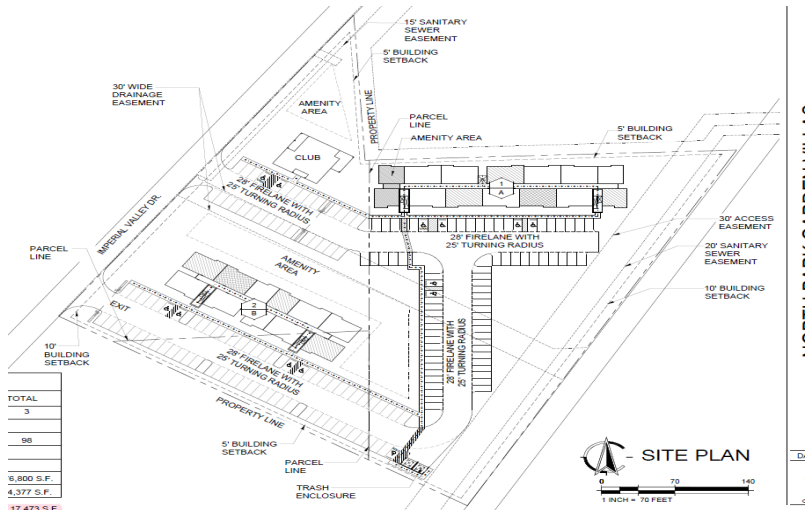
Constultant/Jervon Harris

Related Parties	Contractor - No	Seller - No

TYPICAL BUILDING ELEVATION/PHOTO



SITE PLAN



UNIT DISTRIBUTION			INCOME DISTRIBUTION		
# Beds	# Units	% Total	Income	# Units	% Total
Eff	-	0%	20%	-	0%
1	26	27%	30%	10	10%
2	72	73%	40%	-	0%
3	-	0%	50%	40	41%
4	-	0%	60%	37	38%
			70%	11	11%
			80%	-	0%
			MR	-	0%
TOTAL	98	100%	TOTAL	98	100%

PRO FORMA FEASIBILITY INDICATORS

Pro Forma Underwritten			Applicant's Pro Forma
Debt Coverage	1.16	Expense Ratio	54.6%
Breakeven Occ.	86.7%	Breakeven Rent	$939
Average Rent	$1,004	B/E Rent Margin	$65
Property Taxes	$1,297/unit	Exemption/PILOT	0%
Total Expense	$6,269/unit	Controllable	$3,325/unit

MARKET FEASIBILITY INDICATORS

Gross Capture Rate (10% Maximum)			1.6%
Highest Unit Capture Rate	6%	2 BR/60%	33
Dominant Unit Cap. Rate	6%	2 BR/60%	33
Premiums (↑80% Rents)	N/A		N/A
Rent Assisted Units	N/A		

DEVELOPMENT COST SUMMARY

Costs Underwritten			Applicant's Costs
Avg. Unit Size	784 SF	Density	22.1/acre
Acquisition		$13K/unit	$1,315K
Building Cost	$143.58/SF	$113K/unit	$11,027K
Hard Cost		$137K/unit	$13,424K
Total Cost		$243K/unit	$23,785K
Developer Fee	$2,811K	(3% Deferred)	Paid Year: 2
Contractor Fee	$1,876K	30% Boost	Yes

DEBT (Must Pay)				
Source	Term	Rate	Amount	DCR
Regions Bank	15/40	7.00%	$5,894,000	1.16
TOTAL DEBT (Must Pay)			$5,894,000	

CASH FLOW DEBT / GRANT FUNDS				
Source	Term	Rate	Amount	DCR
City of Houston	0/0	0.00%	$500	1.16
CASH FLOW DEBT / GRANTS			$500	

EQUITY / DEFERRED FEES	
Source	Amount
Regions Bank	$17,798,220
0	$0
0	$0
CSH Northpark Garden Villas, Ltd	$92,030
TOTAL EQUITY SOURCES	$17,890,250
TOTAL DEBT SOURCES	$5,894,500
TOTAL CAPITALIZATION	$23,784,750

CONDITIONS

- Receipt and acceptance by Cost Certification:
  - Architect certification that a noise assessment was completed, and that all recommendations were implemented and the Development is compliant with HUD noise guidelines.

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.

RISK PROFILE

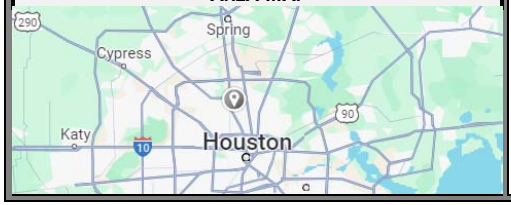
STRENGTHS/MITIGATING FACTORS

- Low gross capture rate

WEAKNESSES/RISKS

- 1.16 DCR

AREA MAP



AERIAL PHOTOGRAPH(s)

Real Estate Analysis Division
Underwriting Report
September 25, 2024

DEVELOPMENT IDENTIFICATION

TDHCA Application #: **24110** Program(s): **9% HTC**

Northpark Garden Villas

Address/Location: East Side Imperial Valley Dr at Northpark Central Dr

City: Houston County: Harris Zip: 77073

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

Activity: New Construction Building Type: Elevator Served Region: 6

Analysis Purpose: New Application - Initial Underwriting

ALLOCATION

	REQUEST				RECOMMENDATION						
TDHCA Program	Amount	Int. Rate	Amort	Term	Amount	Int. Rate	Amort	Perm. Term	Perm Lien	Const. Term	Const Lien
LIHTC (9% Credit)	$2,000,000				**$2,000,000**						

CONDITIONS

- Receipt and acceptance by Cost Certification:
  - Architect certification that a noise assessment was completed, and that all recommendations were implemented and the Development is compliant with HUD noise guidelines.

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	10
50% of AMI	50% of AMI	40
60% of AMI	60% of AMI	37
70% of AMI	70% of AMI	11

DEVELOPMENT SUMMARY

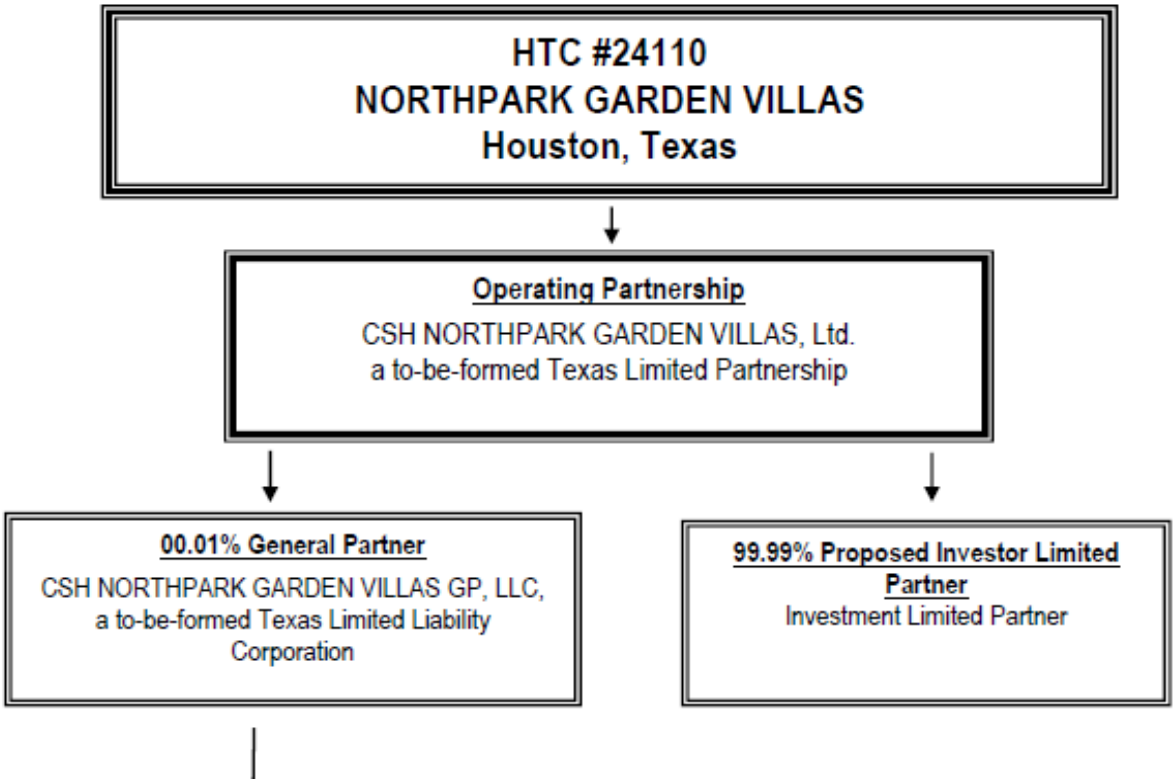
Northpark Garden Villas is a proposed 98 unit, project located in Houston, Texas. The property will serve the general population and offer a mix of 1-bed/1-bath and 2-bed/2-bath units within two (2) buildings on site. The development provides a mix of affordable units, in each configuration, at the 30% AMI, 50% AMI, 60% AMI, and 70% AMI threshholds. The development is located within both the Spring and Aldine school districts.Otherwise, the development is typical for the target population and area and doesn't have any particularly unusual aspects.

RISK PROFILE

STRENGTHS/MITIGATING FACTORS	WEAKNESSES/RISKS
▫ Low gross capture rate	▫ 1.16 DCR

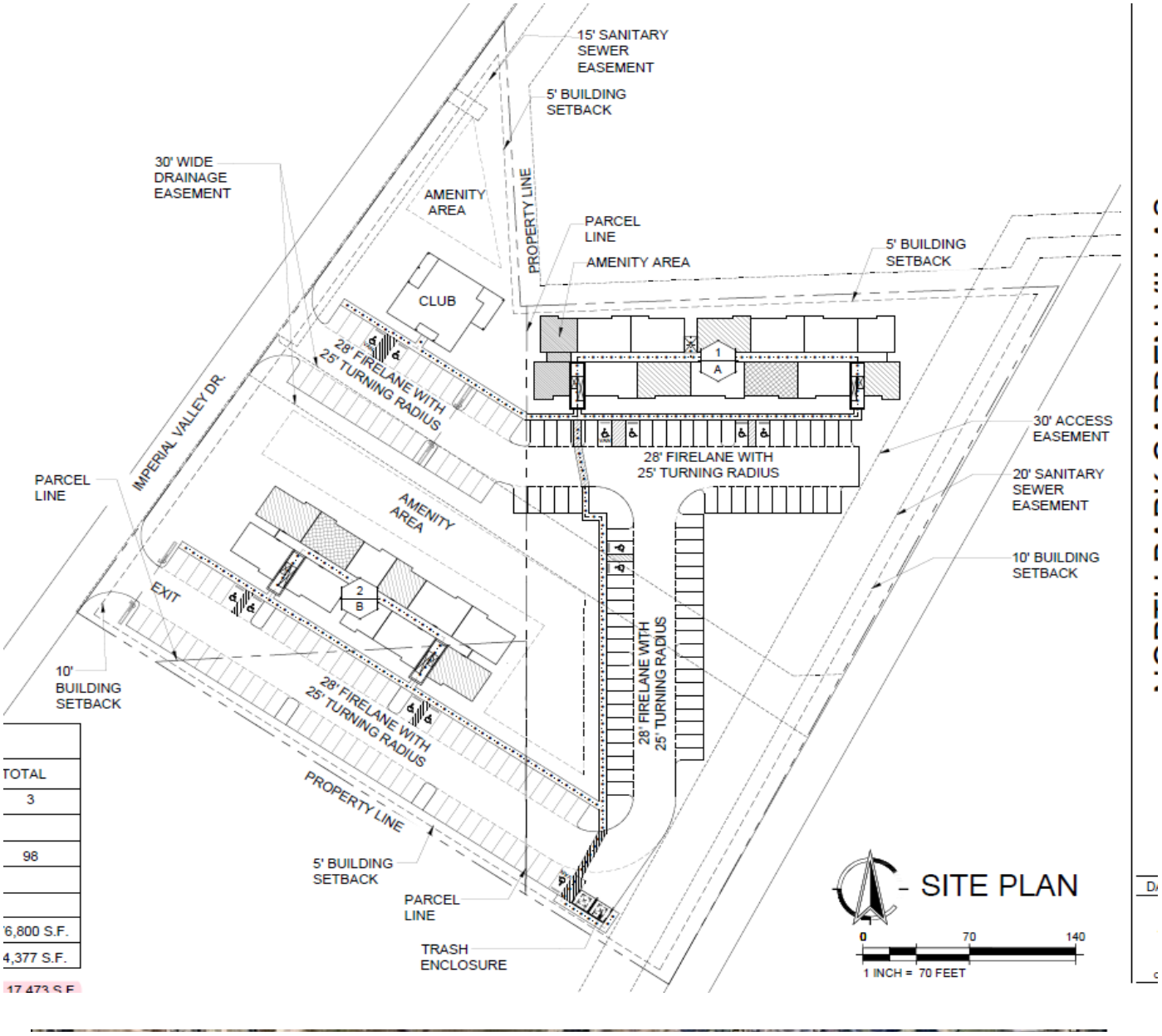
DEVELOPMENT TEAM

OWNERSHIP STRUCTURE



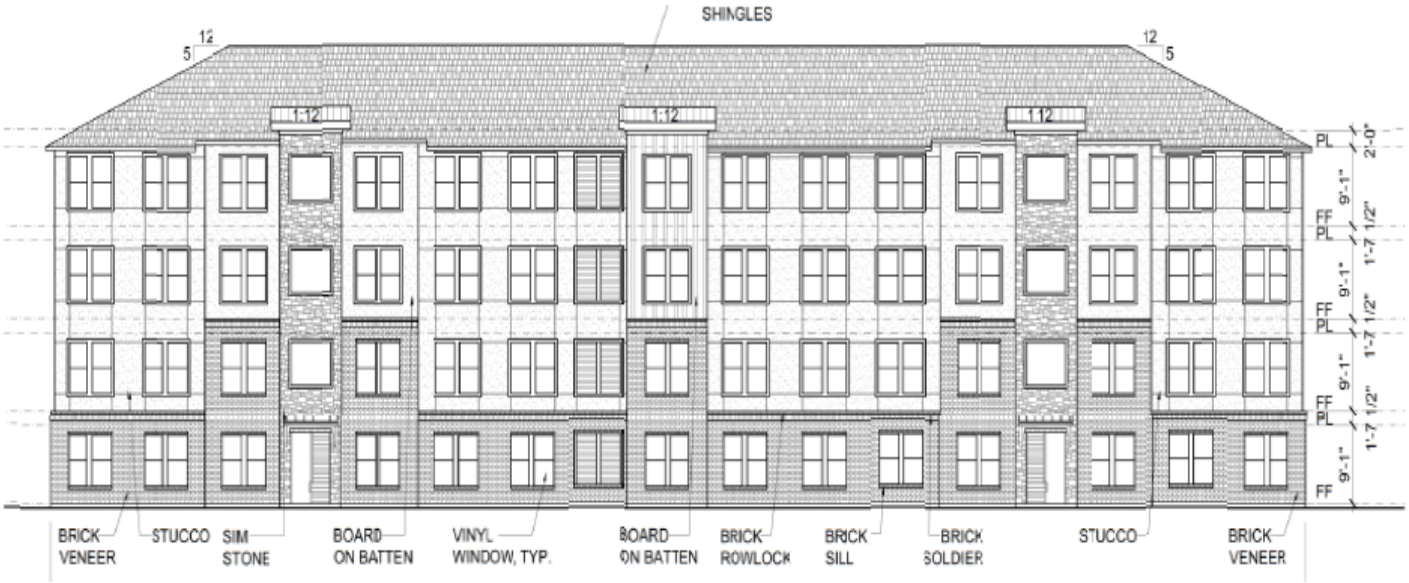
DEVELOPMENT SUMMARY

SITE PLAN



Comments:
Provided parking of 172 spaces is compliant with city requirements.

BUILDING ELEVATION



BUILDING CONFIGURATION

Building Type	A	B											Total Buildings
Floors/Stories	4	4											
Number of Bldgs	1	1											2
Units per Bldg	54	44											
Total Units	54	44											98

Avg. Unit Size (SF)	**784 sf**	**Total NRA (SF)**	**76,800**	**Common Area (SF)***	**17,473**

*Common Area Square Footage as specified on Architect Certification

SITE CONTROL INFO

Site Acreage: Development Site: 4.44 acres Density: 22.1 units/acre

Site Control: 5.25 **Site Plan:** 4.44 **Appraisal:** N/A **ESA:** 5.2

Feasibility Report Survey: 4.44 **Feasibility Report Engineer's Plan:** 4.44 **Existing LURA:** N/A

Control Type: Earnest Money Contract

Development Site: 4.44 acres Cost: $1,315,000 $13,418 per unit

Seller: Prabhakar R. Guniganti and Sushma Vijaykumar Trust

Buyer: Texas Inter-Faith Housing Corporation

Related-Party Seller/Identity of Interest: No

Comments:

Site Control acreage of 5.25 was based on public HCAD data at the time of executing the contract for purchase. The ESA provider prepared their study on same site as Site Control and stated approximately 5.20 acres on the irreport based on acreage from HCAD and Site Control. The size of the site based on the physical survey is 4.44 acres.

There is a 30' access easement on the east side of the property as well as a 20' sanitary and 30' drainage easment.

SITE INFORMATION

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

HIGHLIGHTS of ENVIRONMENTAL REPORTS

Provider: Phase Engineering Date: 2/23/2024

Recognized Environmental Conditions (RECs) and Other Concerns:

- The calculated Noise Level is 71 dB which is considered "normally unacceptable" by HUD guidelines and noise mitigation will be required.

MARKET ANALYSIS

Provider: Araiza Appraisal &Consulting Date: 3/20/2024

Primary Market Area (PMA): 33 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
Stabilized Affordable Developments in PMA				Total Units		1,150
				Total Developments		6
				Average Occupancy		92%

Comments:

TDHCA #21413 is just south of the subject PMA. 21413 is more heavily wieghted toward 3BR and 4BR units and including it in the PMA results in an overall capture of 3.17%. No EMA was necessary.

OVERALL DEMAND ANALYSIS				
	Market Analyst			
	HTC	Assisted		
Total Households in the Primary Market Area	32,644			
Potential Demand from the Primary Market Area	5,594			
10% External Demand	559			
Potential Demand from Other Sources	0			
GROSS DEMAND	6,153			
Subject Affordable Units	98			
Unstabilized Competitive Units	0			
RELEVANT SUPPLY	98			
Relevant Supply ÷ Gross Demand = GROSS CAPTURE RATE	**1.6%**			

Population:	**General**	**Market Area:**	**Urban**	**Maximum Gross Capture Rate:**	**10%**

UNDERWRITING ANALYSIS of PMA DEMAND by AMGI BAND										
	Market Analyst									
AMGI Band	Demand	10% Ext	Subject Units	Comp Units	AMGI Band Capture Rate					
30% AMGI	864	86	10	0	1%					
50% AMGI	1,546	155	40	0	2%					
60% AMGI	2,241	224	37	0	2%					
70% AMGI	943	94	11	0	1%					

UNDERWRITING ANALYSIS of PMA DEMAND by UNIT TYPE										
	Market Analyst									
Unit Type	Demand	10% Ext	Subject Units	Comp Units	Unit Capture Rate					
1 BR/30%	220	22	8	0	3%					
1 BR/50%	570	57	14	0	2%					
1 BR/60%	601	60	4	0	1%					
1 BR/70%	386	39	3	0	1%					
2 BR/30%	188	19	2	0	1%					
2 BR/50%	411	41	26	0	6%					
2 BR/60%	468	47	33	0	6%					
2 BR/70%	291	29	8	0	2%					

OPERATING PRO FORMA

SUMMARY- AS UNDERWRITTEN (Applicant's Pro Forma)					
NOI:	$510,555	Avg. Rent:	$1,004	Expense Ratio:	54.6%
Debt Service:	$439,526	B/E Rent:	$939	Controllable Expenses:	$3,325
Net Cash Flow:	$71,029	UW Occupancy:	92.5%	Property Taxes/Unit:	$1,297
Aggregate DCR:	1.16	B/E Occupancy:	86.7%	Program Rent Year:	2023

DEVELOPMENT COST EVALUATION

SUMMARY- AS UNDERWRITTEN (Applicant's Costs)					
Acquisition	$296,171/ac	$13,418/unit	**$1,315,000**	Contractor Fee	**$1,876,376**
Off-site + Site Work		$17,944/unit	**$1,758,500**	Soft Cost + Financing	**$3,831,855**
Building Cost	$143.58/sf	$112,523/unit	**$11,027,250**	Developer Fee	**$2,810,590**
Contingency	4.99%	$6,512/unit	**$638,223**	Reserves	**$526,956**
Total Development Cost	$242,702/unit	**$23,784,750**		**Rehabilitation Cost**	**N/A**

Qualified for 30% Basis Boost?	High Opportunity Index [9% only]

Credit Allocation Supported by Costs:

Total Development Cost	Adjusted Eligible Cost	Credit Allocation Supported by Eligible Basis
$23,784,750	**$21,779,619**	**$2,548,215**

UNDERWRITTEN CAPITALIZATION

INTERIM SOURCES				
Funding Source	**Description**	**Amount**	**Rate**	**LTC**
Regions Bank	Construction Loan	$5,894,000	9.50%	29%
Regions Bank	Bridge Loan	$11,106,000	9.50%	54%
Regions Bank	HTC	$3,559,644	$0.89	17%
		$20,559,644	**Total Sources**	

PERMANENT SOURCES

Debt Source	PROPOSED Amount	PROPOSED Interest Rate	PROPOSED Amort	PROPOSED Term	UNDERWRITTEN Amount	UNDERWRITTEN Interest Rate	UNDERWRITTEN Amort	UNDERWRITTEN Term	UNDERWRITTEN LTC
Regions Bank	$5,894,000	7.00%	40	15.0	$5,894,000	7.00%	40	15.0	25%
City of Houston	$500	Fee Waiver			$500	Fee Waiver			
Total	**$5,894,500**				**$5,894,500**				

Equity & Deferred Fees	PROPOSED Amount	PROPOSED Rate	PROPOSED % Def	UNDERWRITTEN Amount	UNDERWRITTEN Rate	UNDERWRITTEN % TC	UNDERWRITTEN % Def
Regions Bank	$17,798,220	$0.89		$17,798,220	$0.89	75%	
CSH Northpark Garden Villas, Ltd	$92,030		3%	$92,030		0%	3%
Total	**$17,890,250**			**$17,890,250**			
				$23,784,750	**Total Sources**		

Credit Price Sensitivity based on current capital structure	
$0.895	Maximum Credit Price before the Development is oversourced and allocation is limited
$0.820	Minimum Credit Price below which the Development would be characterized as infeasible

CONCLUSIONS

Gap Analysis:	
Total Development Cost	$23,784,750
Permanent Sources (debt + non-HTC equity)	$5,894,500
Gap in Permanent Financing	$17,890,250

Possible Tax Credit Allocations:	Equity Proceeds	Annual Credits
Determined by Eligible Basis	$22,676,849	$2,548,215
Needed to Balance Sources & Uses	$17,890,250	$2,010,341
Requested by Applicant	$17,798,220	$2,000,000

	RECOMMENDATION	
	Equity Proceeds	Annual Credits
Tax Credit Allocation	**$17,798,220**	**$2,000,000**

Deferred Developer Fee	**$92,030**	**(3% deferred)**
Repayable in	**2 years**	

Recommendation:

Underwriter recommends an annual tax credit allocation of $2,000,000 per the Applicant's request.

Underwriter: *Jeffrey Price*

Manager of Real Estate Analysis: *Diamond Unique Thompson*

Director of Real Estate Analysis: *Jeanna Adams*

UNIT MIX/RENT SCHEDULE

Northpark Garden Villas, Houston, 9% HTC #24110

LOCATION DATA	
CITY:	Houston
COUNTY:	Harris
Area Median Income	$93,200
PROGRAM REGION:	6
PROGRAM RENT YEAR:	2023

UNIT DISTRIBUTION						
# Beds	# Units	% Total	Assisted	MDL	ARP	Match
Eff	-	0.0%	0	0	0	0
1	26	26.5%	0	0	0	0
2	72	73.5%	0	0	0	0
3	-	0.0%	0	0	0	0
4	-	0.0%	0	0	0	0
5	-	0.0%	0	0	0	0
TOTAL	**98**	**100.0%**	**-**	**-**	**-**	**-**

PRO FORMA ASSUMPTIONS	
Revenue Growth	2.00%
Expense Growth	3.00%
Basis Adjust	130%
Applicable Fraction	100.00%
APP % Acquisition	4.00%
APP % Construction	9.00%
Average Unit Size	784 sf

54% Average Income	Income	20%	30%	40%	50%	60%	70%	80%	EO / MR	TOTAL
	# Units	-	10	-	40	37	11	-	-	**98**
	% Total	0.0%	10.2%	0.0%	40.8%	37.8%	11.2%	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%	$524	8	1	1	600	$524	$68	$456	$0	$0.76	$456	**$3,648**	**$3,648**	$456	$0.76	$0	$1,375	$2.29	$1,375
TC 50%	$874	11	1	1	600	$874	$68	$806	$0	$1.34	$806	**$8,866**	**$8,866**	$806	$1.34	$0	$1,375	$2.29	$1,375
TC 60%	$1,049	4	1	1	600	$1,049	$68	$981	$0	$1.64	$981	**$3,924**	**$3,924**	$981	$1.64	$0	$1,375	$2.29	$1,375
TC 70%	$1,224	3	1	1	600	$1,224	$68	$1,156	$0	$1.93	$1,156	**$3,468**	**$3,468**	$1,156	$1.93	$0	$1,375	$2.29	$1,375
TC 30%	$629	2	2	2	850	$629	$89	$540	$0	$0.64	$540	**$1,080**	**$1,080**	$540	$0.64	$0	$1,525	$1.79	$1,525
TC 50%	$1,048	29	2	2	850	$1,048	$89	$959	$0	$1.13	$959	**$27,811**	**$27,811**	$959	$1.13	$0	$1,525	$1.79	$1,525
TC 60%	$1,258	33	2	2	850	$1,258	$89	$1,169	$0	$1.38	$1,169	**$38,577**	**$38,577**	$1,169	$1.38	$0	$1,525	$1.79	$1,525
TC 70%	$1,468	8	2	2	850	$1,468	$89	$1,379	$0	$1.62	$1,379	**$11,032**	**$11,032**	$1,379	$1.62	$0	$1,525	$1.79	$1,525
TOTALS/AVERAGES:		**98**			**76,800**				**$0**	**$1.28**	**$1,004**	**$98,406**	**$98,406**	**$1,004**	**$1.28**	**$0**	**$1,485**	**$1.90**	**$1,485**

ANNUAL POTENTIAL GROSS RENT:	**$1,180,872**	**$1,180,872**	

*MFDL units float among Unit Types

STABILIZED PRO FORMA

Northpark Garden Villas, Houston, 9% HTC #24110

	STABILIZED FIRST YEAR PRO FORMA													
	COMPARABLES				APPLICANT				TDHCA				VARIANCE	
	Database		County Comps		% EGI	Per SF	Per Unit	Amount	Amount	Per Unit	Per SF	% EGI	%	$
POTENTIAL GROSS RENT						$1.28	$1,004	$1,180,872	$1,180,872	$1,004	$1.28		0.0%	$0
Late, NSF, Cleaning, Interest on Deposits							$30.00	$35,280						
Total Secondary Income							$30.00		$35,280	$30.00			0.0%	$0
POTENTIAL GROSS INCOME								$1,216,152	$1,216,152				0.0%	$0
Vacancy & Collection Loss							7.5% PGI	(91,211)	(91,211)	7.5% PGI			0.0%	-
EFFECTIVE GROSS INCOME								$1,124,941	$1,124,941				0.0%	$0
General & Administrative	$49,459	$505/Unit	$65,975	$673	3.48%	$0.51	$400	$39,200	$49,459	$505	$0.64	4.40%	-20.7%	(10,259)
Management	$45,792	3.5% EGI	$48,220	$492	3.98%	$0.58	$457	$44,794	$44,998	$459	$0.59	4.00%	-0.5%	(204)
Payroll & Payroll Tax	$145,071	$1,480/Unit	$158,732	$1,620	11.11%	$1.63	$1,275	$124,950	$124,950	$1,275	$1.63	11.11%	0.0%	-
Repairs & Maintenance	$77,473	$791/Unit	$37,747	$385	6.53%	$0.96	$750	$73,500	$63,700	$650	$0.83	5.66%	15.4%	9,800
Electric/Gas	$28,303	$289/Unit	$20,323	$207	1.87%	$0.27	$214	$21,000	$20,323	$207	$0.26	1.81%	3.3%	677
Water, Sewer, & Trash	$75,400	$769/Unit	$57,220	$584	5.97%	$0.88	$686	$67,200	$57,220	$584	$0.75	5.09%	17.4%	9,980
Property Insurance	$79,947	$1.04 /sf	$107,544	$1,097	7.84%	$1.15	$900	$88,200	$107,544	$1,097	$1.40	9.56%	-18.0%	(19,344)
Property Tax (@ 100%) 2.0685	$88,277	$901/Unit			11.30%	$1.66	$1,297	$127,122	$107,692	$1,099	$1.40	9.57%	18.0%	19,430
Reserve for Replacements					2.18%	$0.32	$250	$24,500	$24,500	$250	$0.32	2.18%	0.0%	-
TDHCA Compliance fees ($40/HTC unit)					0.35%	$0.05	$40	$3,920	$3,920	$40	$0.05	0.35%	0.0%	-
TOTAL EXPENSES					**54.61%**	**$8.00**	**$6,269**	**$614,386**	**$604,306**	**$6,166**	**$7.87**	**53.72%**	**1.7%**	**$ 10,080**
NET OPERATING INCOME ("NOI")					**45.39%**	**$6.65**	**$5,210**	**$510,555**	**$520,635**	**$5,313**	**$6.78**	**46.28%**	**-1.9%**	**$ (10,080)**
CONTROLLABLE EXPENSES							$3,325/Unit			$3,221/Unit				

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Northpark Garden Villas, Houston, 9% HTC #24110

DEBT / GRANT SOURCES

		APPLICANT'S PROPOSED DEBT/GRANT STRUCTURE							AS UNDERWRITTEN DEBT/GRANT STRUCTURE						
		Cumulative DCR												Cumulative	
DEBT (Must Pay)	**Fee**	**UW**	**App**	**Pmt**	**Rate**	**Amort**	**Term**	**Principal**	**Principal**	**Term**	**Amort**	**Rate**	**Pmt**	**DCR**	**LTC**
Regions Bank		1.18	1.16	439,526	7.00%	40	15.0	$5,894,000	$5,894,000	15.0	40.0	7.00%	$439,526	1.16	24.8%
CASH FLOW DEBT / GRANTS															
City of Houston		1.18	1.16		0.00%	0	0.0	$500	$500	0.0	0.0	0.00%		1.16	0.0%
				$439,526			**TOTAL DEBT / GRANT SOURCES**	**$5,894,500**	**$5,894,500**			**TOTAL DEBT SERVICE**	**$439,526**	**1.16**	24.8%
NET CASH FLOW		$81,109	$71,029						**APPLICANT**	**NET OPERATING INCOME**		**$510,555**	**$71,029**	**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**
Regions Bank	LIHTC Equity	74.8%	$2,000,000	$0.89	$17,798,220	$17,798,220	$0.8899	$2,000,000	74.8%	$20,408	Applicant Request
CSH Northpark Garden Villas, Ltd	Deferred Developer Fees	0.4%	(3% Deferred)		$92,030	$92,030	(3% Deferred)		0.4%	**Total Developer Fee:**	**$2,810,590**
Additional (Excess) Funds Req'd						$0			0.0%		
TOTAL EQUITY SOURCES		75.2%			$17,890,250	$17,890,250			75.2%		
TOTAL CAPITALIZATION					**$23,784,750**	**$23,784,750**				**15-Yr Cash Flow after Deferred Fee:**	**$1,400,714**

DEVELOPMENT COST / ITEMIZED BASIS

	APPLICANT COST / BASIS ITEMS					TDHCA COST / BASIS ITEMS				COST VARIANCE	
	Eligible Basis								Eligible Basis			
	Acquisition	**New Const. Rehab**	**Total Costs**			**Total Costs**			**New Const. Rehab**	**Acquisition**	**%**	**$**
Land Acquisition				$13,418 / Unit	$1,315,000	$1,315,000	$13,418 / 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		$1,408,500		$14,372 / Unit	$1,408,500	$1,408,500	$14,372 / Unit		$1,408,500		0.0%	$0
Site Amenities		$350,000		$3,571 / Unit	$350,000	$350,000	$3,571 / Unit		$350,000		0.0%	$0
Building Cost		$11,005,956	$143.58 /sf	$112,523/Unit	$11,027,250	$11,249,109	$114,787/Unit	$146.47 /sf	$11,005,956		-2.0%	($221,859)
Contingency		$638,223	5.00%	4.99%	$638,223	$638,223	4.91%	5.00%	$638,223		0.0%	$0
Contractor Fees		$1,876,376	14.00%	13.98%	$1,876,376	$1,876,376	13.75%	14.00%	$1,876,375		0.0%	$0
Soft Costs	$0	$1,548,322		$15,799 / Unit	$1,548,322	$1,548,322	$15,799 / Unit		$1,548,322	$0	0.0%	$0
Financing	$0	$2,141,653		$23,301 / Unit	$2,283,533	$2,283,533	$23,301 / Unit		$2,141,653	$0	0.0%	$0
Developer Fee	$0	$2,810,590	14.82%	14.80%	$2,810,590	$2,810,590	14.63%	14.82%	$2,810,590	$0	0.0%	$0
Reserves				6 Months	$526,956	$526,956	6 Months				0.0%	$0
TOTAL HOUSING DEVELOPMENT COST (UNADJUSTED BASIS)	**$0**	**$21,779,620**		$242,702 / Unit	**$23,784,750**	**$24,006,609**	$244,965 / Unit		**$21,779,619**	**$0**	**-0.9%**	**($221,859)**
Acquisition Cost	$0				$0							
Contingency		$0			$0							
Contractor's Fee		($1)			$0							
Financing Cost		$0										
Developer Fee	$0	$0			$0							
Reserves					$0							
ADJUSTED BASIS / COST	**$0**	**$21,779,619**		$242,702/unit	**$23,784,750**	**$24,006,609**	$244,965/unit		**$21,779,619**	**$0**	**-0.9%**	**($221,859)**

TOTAL HOUSING DEVELOPMENT COSTS (Applicant's Uses are within 5% of TDHCA Estimate): **$23,784,750**

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Northpark Garden Villas, Houston, 9% HTC #24110

CREDIT CALCULATION ON QUALIFIED BASIS

	Applicant		TDHCA	
	Acquisition	Construction Rehabilitation	Acquisition	Construction
ADJUSTED BASIS	$0	$21,779,619	$0	$21,779,619
Deduction of Federal Grants	$0	$0	$0	$0
TOTAL ELIGIBLE BASIS	$0	$21,779,619	$0	$21,779,619
High Cost Area Adjustment		130%		130%
TOTAL ADJUSTED BASIS	$0	$28,313,505	$0	$28,313,505
Applicable Fraction	100.00%	100.00%	100%	100%
TOTAL QUALIFIED BASIS	$0	$28,313,505	$0	$28,313,505
Applicable Percentage	4.00%	9.00%	4.00%	9.00%
ANNUAL CREDIT ON BASIS	$0	$2,548,215	$0	$2,548,215
CREDITS ON QUALIFIED BASIS	$2,548,215		$2,548,215	

	ANNUAL CREDIT CALCULATION BASED ON APPLICANT BASIS		FINAL ANNUAL LIHTC ALLOCATION		
			Credit Price $0.8899	Variance to Request	
Method	Annual Credits	Proceeds	Credit Allocation	Credits	Proceeds
Eligible Basis	$2,548,215	$22,676,849	----	----	----
Needed to Fill Gap	$2,010,341	$17,890,250	----	----	----
Applicant Request	$2,000,000	$17,798,220	**$2,000,000**	**$0**	**$0**

BUILDING COST ESTIMATE

CATEGORY	FACTOR	UNITS/SF	PER SF	
Base Cost: Elevator Served		76,800 SF	$125.53	9,640,349
Adjustments				
Exterior Wall Finish	3.33%		4.18	$321,024
Elderly	0.00%		0.00	0
9-Ft. Ceilings	3.42%		4.29	329,338
Roof Adjustment(s)			0.00	0
Subfloor			0.30	22,656
Floor Cover			3.68	282,624
Breezeways	$40.32	13,631	7.16	549,646
Balconies	$36.23	760	0.36	27,535
Plumbing Fixtures	$1,420	216	3.99	306,720
Rough-ins	$700	196	1.79	137,200
Built-In Appliances	$2,280	98	2.91	223,440
Exterior Stairs	$3,550	16	0.74	56,800
Heating/Cooling			3.12	239,616
Storage Space	$40.32	0	0.00	0
Carports	$16.05	0	0.00	0
Garages	$30.00	0	0.00	0
Common/Support Area	$133.00	3,186	5.52	423,730
Elevators	$150,400	2	3.92	300,800
Other:			0.00	0
Fire Sprinklers	$3.65	93,617	4.45	341,702
SUBTOTAL			**171.92**	**13,203,179**
Current Cost Multiplier	1.00		0.00	0
Local Multiplier	1.00		0.00	0
Reserved				0
TOTAL BUILDING COSTS			**171.92**	**$13,203,179**
Plans, specs, survey, bldg permits	3.30%		(5.67)	($435,705)
Contractor's OH & Profit	11.50%		(19.77)	(1,518,366)
NET BUILDING COSTS		$114,787/unit	$146.47/sf	$11,249,109

Long-Term Pro Forma

Northpark Garden Villas, Houston, 9% HTC #24110

	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%	$1,124,941	$1,147,439	$1,170,388	$1,193,796	$1,217,672	$1,344,408	$1,484,335	$1,638,826	$1,809,396	$1,997,720	$2,205,644	$2,435,209
TOTAL EXPENSES	3.00%	$614,386	$632,370	$650,884	$669,944	$689,567	$796,721	$920,664	$1,064,039	$1,229,912	$1,421,828	$1,643,898	$1,900,881
NET OPERATING INCOME ("NOI")		**$510,555**	**$515,070**	**$519,504**	**$523,852**	**$528,105**	**$547,687**	**$563,671**	**$574,787**	**$579,485**	**$575,892**	**$561,746**	**$534,328**
EXPENSE/INCOME RATIO		54.6%	55.1%	55.6%	56.1%	56.6%	59.3%	62.0%	64.9%	68.0%	71.2%	74.5%	78.1%
MUST -PAY DEBT SERVICE													
Regions Bank		$439,526	$439,526	$439,526	$439,526	$439,526	$439,526	$439,526	$439,526	$439,526	$439,526	$439,526	$439,526
TOTAL DEBT SERVICE		$439,526	$439,526	$439,526	$439,526	$439,526	$439,526	$439,526	$439,526	$439,526	$439,526	$439,526	$439,526
DEBT COVERAGE RATIO		1.16	1.17	1.18	1.19	1.20	1.25	1.28	1.31	1.32	1.31	1.28	1.22
ANNUAL CASH FLOW		**$71,029**	**$75,544**	**$79,978**	**$84,326**	**$88,579**	**$108,161**	**$124,146**	**$135,261**	**$139,959**	**$136,366**	**$122,220**	**$94,803**
Deferred Developer Fee Balance		$21,001	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
CUMULATIVE NET CASH FLOW		$0	$54,543	$134,521	$218,847	$307,425	$810,281	$1,400,714	$2,057,023	$2,750,336	$3,443,089	$4,087,210	$4,621,976

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1184 **Agenda Date:** 10/9/2025 **Agenda #:** 30.

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 Andover Village

RECOMMENDED ACTION

WHEREAS, Andover Village was awarded 9% housing tax credits during the 2024 Competitive Housing Tax Credit cycle;

WHEREAS, the Development Owner executed a Carryover Allocation Agreement that included certifications stating each building receiving an allocation would be placed in service by December 31, 2026;

WHEREAS, the Development Owner has requested an extension to the placement-in-service deadline under 10 TAC §11.6(5), related to Credit Returns Resulting from Force Majeure Events;

WHEREAS, the Department lacks authority to extend federal placement-in-service deadlines and may only reset such deadlines by requiring the credits to be returned and immediately reallocated to the Development, as permitted solely under the force majeure provision of the Qualified Allocation Plan (QAP); and

WHEREAS, the Development Owner has submitted documentation demonstrating that a qualifying force majeure event has occurred;

NOW, therefore, it is hereby

RESOLVED, that the request to treat the matter under the force majeure provisions of 10 TAC §11.6(5) is approved, and that the 2024 Qualified Allocation Plan, Uniform Multifamily Rules, and the 2025 Program Calendar shall be applicable to the Development.

BACKGROUND

Development	Andover Village
Target Population	General
HTC Award	$2,000,000
City	Houston
Total Units	120
HTC Units	98
Initial Year of Award	2024
Extension Requested	One year

Andover Village is a 120-unit development located in Houston, Harris County. The development

received an award of 9% Housing Tax Credits in 2024. As a result, the current deadline to place in service in December 31, 2026.

The Application initially indicated that additional financing would be provided by the Federal Home Loan Bank; however, the Application for that funding was unsuccessful. To address this gap, the Owner applied for HOME funds from the City of Houston, which required an additional environmental clearance process that added unexpected time to the construction schedule. The Development has also experienced delays in the permitting process, which were exacerbated by the unexpected loss of the project's structural engineer due to health issues. Most significantly, the Owner has been required to apply for the Texas Commission on Environmental Quality (TCEQ) Innocent Owner/Operator Program (IOP) to obtain a release of liability for the groundwater impact identified in the Phase II Environmental Site Assessment (ESA).

Permits are expected by mid-October, but construction is currently anticipated to be completed in July 2027. Because this is beyond the current deadline to place in service, a one-year extension of the deadline to December 31, 2027, is requested.

APPLICABLE RULE

Under 10 TAC §11.6(5), a Development Owner may return credits and receive a reallocation outside the standard allocation process if the return is the result of a qualifying force majeure event occurring prior to issuance of IRS Form(s) 8609. Pursuant to 10 TAC §11.6(5), the Department's Governing Board may approve execution of a Carryover Allocation Agreement for the current program year with the Development Owner that returned the credits, but only if the following conditions are met:

> (A) The credits were returned as a result of "Force Majeure" events that occurred before issuance of Forms 8609. Force Majeure events are the following sudden and unforeseen circumstances outside the control of the Development Owner: acts of God such as fire, tornado, flooding, significant and unusual rainfall or subfreezing temperatures, or loss of access to necessary water or utilities as a direct result of significant weather events; explosion; vandalism; orders or acts of military authority; unrelated party litigation; changes in law, rules, or regulations; national emergency or insurrection; riot; acts of terrorism; supplier failures; or materials or labor shortages. If a Force Majeure event is also a presidentially declared disaster, the Department may treat the matter under the applicable federal provisions. Force Majeure events must make construction activity impossible or materially impede its progress.

Staff has reviewed this request and determined that the loss of expected financing and delays in the permitting and environmental processes constitute force majeure events under the rules.

IMPACT OF BOARD DECISION

If the Board approves the request:

- The credits will be returned and reallocated, with the 2024 Qualified Allocation Plan, Uniform Multifamily Rules, and the 2025 Program Calendar applicable to the Development.
- A new Carryover Allocation Agreement will be executed.

- The new 10% Test deadline will be July 1, 2026.
- The new placed-in-service deadline will be December 31, 2027.

If the Board denies the request:

- The current placed-in-service deadline of December 31, 2026, remains in place.
- The Development Owner may either meet the existing deadline, return the credits, or have the award terminated for failing to meet the deadline.
- Returned credits will first be reallocated within the original subregion in accordance with 10 TAC §11.6(2). If no pending applications are eligible within the subregion, the credits will be added to the statewide collapse for reallocation.

This request has no impact on any funding source other than the Low Income Housing Tax Credit program.

RECOMMENDATION

Staff recommends approval of the request to return and reallocate tax credits for Andover Village under the force majeure provisions of 10 TAC §11.6(5).

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ANDOVER VILLAGE

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Donna@DWRDevelopment.com

September 17, 2025

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

Re: TDHCA #24084; Andover Village-Placed-in-Service Extension Request

Dear Mr. Campbell,

Andover Village Apartments, LP (the "Applicant"), was awarded 2024 9% Housing Tax Credits in connection with the development of Andover Village. Andover Village will consist of 2 components (i) Andover Village Apartments, a 120-unit affordable rental housing complex for individuals and families, and (ii) a stand-alone Pre-K school amenity feature for the benefit of the residents of Andover Village Apartments. It will be located at 6935 Bellfort Street, Houston, Texas, 77087, in the TIRZ #8-Gulfgate neighborhood.

Since the award, the Applicant has encountered several unforeseen delays impacting advancement of this Project including financing and design plan approval delays, increases in construction costs, funding shortfalls and receipt of an Innocent Owner Certificate (IOC) from the TCEQ. With each delay, the Applicant has actively sought to resolve them in a timely and complete manner. However, the cumulative setbacks have impacted the date of closing, construction completion timeline and our required 10% test and placement of all buildings in service deadlines. The Applicant respectfully requests a 1-year extension of the Placement in Service deadline to December 31, 2027, under 10 TAC §11.6(5), recognizing the following force majeure events:

- **Part 58 ESA Clearance**. At the time of Application in February 2024, the Applicant submitted evidence of its intentions to apply for gap funding from the FHLB in the amount of $3,000,000. Our application was submitted through Comerica Bank on May 1, 2024. Unfortunately, on October 24, 2024, the Applicant was notified that it did not receive the requested award. Upon learning the news, the Applicant immediately sought alternative sources of required gap funding. Applicant responded to the 2024 HOME Multifamily (NOFA)II: Solicitation No.: N091824 released by the City of Houston on October 14, 2024. We were successfully awarded HOME funds from the City of Houston on November 26, 2024. Upon receipt of the award, the Applicant immediately engaged Phase Engineering to complete a Part-58 environmental clearance, a prerequisite to land acquisition and closing. Both Phase Engineering and the City of Houston worked diligently to complete the process utilizing the timeline imposed by HUD. Unfortunately, HUD's approval process took far longer than anticipated, impacting our Readiness to Proceed and projected debt and equity closing deadlines. **Attached** please find our clearance timeline recognizing receipt of the AUGF on April 24, 2025, which was 60-days longer than expected.

- **Design Plan Approval**. We submitted our initial design plans to the City of Houston in early January 2025. We have responded to several sets of comments from the City of Houston. The following factors have impacted approval of our design plans:

  (a) The City of Houston implemented several cost-cutting initiatives to close its 2025 budget gap including a hiring freeze and a voluntary retirement program to eligible employees across all departments. These events have delayed permitting comments from several reviewing departments constraining the issuance of final permits impacting the closing with our debt and equity partners and construction timelines.

  (b) Exacerbating the permitting delays, the engineer that designed all the structural components of the development had a stroke. In early May 2025, we were notified that the structural engineer was no longer in practice. **Attached** please find a letter from Mucasey & Associates, the Architect of Record. This unfortunate outcome put this project on hold until a new structural engineer could be retained. As stated in the letter, we were unable to respond to plan comments from the City of Houston, contract pricing questions from general contractors bidding the project, and plan and cost review inquiries by our debt and equity providers.

  Despite the above-described plan delays, as of the date of this request, all permits are expected by mid-October 2025.

- **TCEQ IOP Program.** The advancement of this Project has been impacted the most by delays associated with the completion of the process for applying to the TCEQ Innocent Owner/Operator Program (IOP) to obtain a release of liability for the groundwater impact identified in the Phase II Environmental Site Assessment (ESA). The process is still underway. Phase Engineering prepared a Phase I ESA for the subject property dated January 9, 2024, followed by a Phase II ESA dated January 31, 2024. The Phase II ESA identified reportable impact to groundwater from an offsite source. Following completion of the Phase I ESA and Phase II ESA, the Applicant contracted with Phase Engineering to complete the process for applying to the TCEQ IOP program to obtain a release of liability for the groundwater impact identified in the Phase II ESA. **Attached** please find (i) the IOP Timeline, and (ii) A Summary of ESA Assessment Outcomes and Recommendations from Phase Engineering. The process is still underway.

As set forth in the Timeline, the TCEQ indicated a due date of November 14, 2025, to receive the IOC affidavit package. Once received, the selected General Contractor will need time to rebid and update its construction pricing, a process that could take 45-60 days to complete.

Affiliates of the Applicant have a successful record in the LIHTC program. The above-described force majeure events were not caused by any act or omission of the Applicant, or any affiliate of the Applicant. To the contrary, once identified the Applicant worked aggressively to mitigate all delays, several of which have taken significant time and unfortunately have impacted our tax credit program deadlines. **Please note** the Applicant recognized delays by other applicants with the TCEQ process, and as shown in the **attached** IOP Timeline, elected to submit the IOP Application and associated fee on April 5, 2024, **3 months before the Andover project was awarded the 9% housing tax credits**.

All permits are expected by mid-October 2025, and all soft funding and environmental clearances are in place. The Applicant and its debt and equity providers are committed to the completion of this project. **Attached** please find a detailed timeline recognizing a revised estimated construction completion date of

July 8, 2027, past the current PIS deadline of June 30, 2026. Approval of the PIS extension will enable the project to proceed with its financial closing and complete construction in the manner described in the timeline.

Andover Village is very much supported by the City of Houston as recognized in the award of limited HOME funds, and as set forth in the **attached** letter of support from Council Member Joaquin Martinez, District I, whose district includes this development.

We respectfully request approval of this Force Majeure request, and that this matter be considered at the October 9, 2025, TDHCA Board meeting.

If additional information is required, please contact me at (713) 560-0068.

Sincerely,

Donna Rickenbacker,
Representative of Andover Village

Attachments:
I-AUGF Clearance Timeline
II-Architect Letter
III-IOP Timeline
IV-Summary of ESA Assessment Outcomes and Recommendations
V-Construction Completion Timeline
VI-Letter of Support – District I

ATTACHMENT I

Timeline for Part 58 Clearance Activity from Phase

Engineering

Andover Village

Received Part 58 Proposal (Standard completion time is 45-60 calendar days) Estimated draft due by early Feb.	Dec. 6, 2024
Section 106 submission prepared and submitted to COH for review and approval. COH initiated tribal consultations in Dec 2024 which are now completed.	Jan. 15, 2025
Draft ERR completed and submitted to COH	February 12th
COH provided comments to the ERR	February 13th
Phase responded to comments/revisions which was delayed by a few days due to the HEROS system being down. However, COH wanted to wait until the updated Phase I ESA was completed before reassigning HEROS for their additional review.	February 19th
Updated Phase I ESA Completed, HEROS assigned back to COH	February 28th
COH – provided comment that HEROS deleted all the EA Factors, and they wanted them to be reuploaded. HEROS system was down, so we sent over a PDF version of the report the same day.	March 3rd
HEROS updated and submitted to COH. COH had additional comments which were addressed the same day.	March 4th
COH Accepted the Final ERR	March 5th
COH – Published FONSI	March 7th
COH – Submitted RROF to HUD	March 25th
COH – AUGF Received	April 24, 2025

ATTACHMENT II

MUCASEY & Associates
Architects, LLC

July 11, 2025

Mr. Cody Campbell
Director of Multifamily Finance
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78701

Re: Andover Village Apartments (TDHCA #24084) & New Faith Senior Village (TDHCA #24076), Houston, Texas

Dear Mr. Campbell,

Mucasey and Associates is the architectural firm hired to design the above-described projects. We engaged and currently direct the completion of all work by the Structural and MEP engineers. In late February 2025, the structural engineer that I have worked with for many years on several affordable housing developments in Texas had a stroke. In his absence, his son developed a team of engineers that collaborated and produced plan sets that were adequate for permitting and budget pricing. We felt confident that we would meet our timeline and achieve final permits by the end of April 2025. In early May 2025, I was notified that the structural engineering firm of record was going out of business. This unfortunate outcome put both projects on hold. We were unable to respond to plan comments from the City of Houston, contract pricing questions from the general contractors bidding both projects, and plan and cost review inquiries by the equity providers.

We subsequently engaged a new structural engineering firm and did our best to issue revised structural plan sheets in late May/early June 2025.

We are doing our best with a difficult situation of losing a trusted structural engineer, and dear friend. We believe that we can achieve the following timeline in connection with plan approval.

New Faith:

Final Permit Issue Set – Mid August 2025 **

Andover:

Final Permit Issue Set – Late September 2025/Early October 2025**

** These dates assume plan review and COH comments that are in line with these estimated completion dates.

I would appreciate your accommodation of our client for these two deals. We are excited about their designs and their potentials in the affordable housing market in Houston, and regret the situation that has caused the delays for both projects.

Respectfully,

Mark S. Mucasey, A.I.A., NCARB
Mucasey & Associates, Architects, LLC

Mark S. Mucasey, A.I.A.
Principal
Will Cummings, d'd.

4808 Gibson St., Suite 200 Houston, Texas 77007
Tel. (713)521-1233 Fax (713)520-1904
E-mail: office@ mucaseyarchitects.com

Paul Titterington, Sr. Associate
David Howland, Sr. Associate
Agnar Nielsen, Arch. Sys. Mgr.

PHASE ENGINEERING

TDHCA #24084-Andover Village Development
Former Bellfort East Shopping Center
6935 Bellfort Street, Houston, TX
IOP 1289

Summary of Activities – through September 2025

April 5, 2024 – submittal of IOP Application and fee, supporting documents, and prior reports (Phase I and II ESAs)

May 21, 2024 – TCEQ correspondence with identification of IOP ID number and TCEQ Project Manager

June 6, 2024 – First round of Notification Letters mailed out

July 10, 2024 – TCEQ correspondence following review of Phase I and II ESA reports with request for additional information (including map of potential onsite sources, summary of onsite operational history, collection of additional soil and groundwater samples, and preparation of a groundwater gradient map) to rule out potential onsite sources of impact

August 16, 2024 – Second round of Notification Letters mailed out

August 22, 2024 – Additional soil and groundwater assessment in areas of historical onsite operations that may have contributed to environmental impact

September 20, 2024 – Confirmation assessment (re-drilling at SB-5) to evaluation soil conditions based on suspected cross-contamination during August assessment

October 11, 2024 – Response to TCEQ comments submitted (with requested information and summary report for additional assessment submitted)

October 28, 2024 – Third round of Notification Letters mailed out

November 8, 2024 – Submittal of Notification Package to TCEQ

December 18, 2024 – TCEQ correspondence approving the October 2024 response to comments and requesting additional information in association with the Notification Package

December 19, 2024 – voicemail left for TCEQ regarding December 18 letter

January 10, 2025 – Updated Notification Package submitted to TCEQ as Response to Comments for the December 2024 letter (response included USPS proof of delivery / tracking information for two properties in question)

February 28, 2025 – TCEQ correspondence requesting certified letter mailing receipts for first two attempts at one property and questioning delivery for another property based on lack of signature (despite confirmation of delivery from tracking information)

March 3, 2025 – voicemail left for TCEQ regarding February 28 letter

March 6, 2025 – email to TCEQ to provide certified mail receipts and discussion of delivery at property without signature on returned green card

March 10 or 11, 2025 – voicemail left for TCEQ

March 20, 2025 – voicemail left for TCEQ; additional letter sent to meet mailing attempt requirements

March 27, 2025 – Receipt of signed green card, Updated Notification Package submitted to TCEQ with proof of delivery for properties in question and all signed green cards

June 4, 2025 – Phase inquired about the status of the review (due date was May 18). TCEQ indicated that affidavit package was undergoing review at TCEQ

July 8, 2025 – Affidavit package still under review at TCEQ

August 25, 2025 – Response to TCEQ request to verify current ownership.

September 10, 2025 – Phase inquired about status of review. TCEQ indicated that anticipated due date for affidavit package delivery from TCEQ was November 14, 2025.

PHASE ENGINEERING

October 29, 2024

Andover Village Apartments, LP
c/o DWR Development Group, LLC
6300 West Loop South, Suite 670
Bellaire, TX 77401

Re: Summary of Cumulative Environmental Assessment outcomes and recommendations;
6901 Bellfort Street, Houston, TX 77087

To Whom it May Concern:

Phase Engineering, LLC has conducted environmental assessments at the above-referenced property on behalf of DWR Development Group, LLC to meet due diligence requirements under CERCLA as part of the property transaction for future development of the site as the Andover Village Apartments, an affordable housing development. The assessments to date have included a Phase I ESA prepared with reliance to the Texas Department of Housing and Community Affairs dated January 8, 2024, a Phase II ESA dated January 31, 2024, a Vapor Encroachment Screening dated February 8, 2024, and an Additional Assessment dated October 3, 2024 that was conducted under TCEQ directive as part of Innocent Owner/Operator Program application activities. The assessment outcomes/results and recommendations are summarized below.

- Phase I ESA – The assessment identified RECs in connection with the subject property as follows: indication of likely impact to the subject property from documented and undocumented petroleum product releases and undocumented releases of hazardous substances from gasoline filling/service station operations at south adjoining properties as well as undocumented hazardous substance and/or petroleum product releases from long-term dry cleaner operations at a south adjoining property. The Phase I ESA recommended conducting a Phase II ESA with a Vapor Encroachment Screening assessment to investigate potential environmental impact at the subject property.
- Phase II ESA – The assessment identified that reportable impact to groundwater from chlorinated solvents is present in the southeast corner of the subject property nearest the offsite dry cleaning facility. There was no impact to soil from hazardous substances or petroleum products in any sample location under the Phase II ESA and there were no petroleum product constituents detected in any groundwater sample. The specific contaminants detected (chlorinated solvents) and location of impact suggest the elevated concentrations are associated with a release from the offsite dry cleaning facility. The identified groundwater impact is located in a future retention area based on the current site plan for redevelopment. The Phase II ESA recommended reporting of the impact to the TCEQ and compliance with directives to obtain regulatory agency closure. The assessment suggested the property may be eligible for a release

of liability for the reportable condition under the TCEQ Innocent Owner/Operator Program (IOP) since no onsite source was identified in the area of groundwater impact.

- Vapor Encroachment Screening – The VES assessment evaluated the potential for future vapor intrusion in areas of potential future inhalation exposure near the offsite source areas (dry cleaner and filling stations). The results indicated there were no chlorinated solvent constituents detected in the soil vapor (including in the area of reportable groundwater impact) and there were low levels of petroleum product constituents (less than action levels for vapor intrusion) detected that are likely related to ambient conditions based on the absence of petroleum products in subsurface media under the Phase II ESA. The outcome of the assessment was that there is low potential for vapor intrusion at the subject property, including in the vicinity of future residential units as well as the future Pre-K facility.
- IOP – Following completion of the Phase I and II due diligence assessment activities and reporting, DWR Development Group, LLC contracted Phase Engineering to complete the process for applying to the TCEQ IOP program to obtain a release of liability for the groundwater impact identified under the Phase II ESA. The process, which includes submittal of the Phase I and II ESA reports along with the IOP application for documentation of site history/evaluation of source areas and confirmation of impact to the site, is currently underway. TCEQ requested additional soil and groundwater assessment at the subject property in potential source areas at the subject property following review of the Phase I ESA.
- Additional Assessment under IOP – The Additional Assessment involved advancement of five soil borings and installation of two temporary monitoring wells in selected areas. Four of the soil borings and the two temporary monitoring wells were located in the areas of the former onsite tenants of the historical retail center which included a copy center, laundromat, and photography processing retailer. The fifth soil boring was advanced in an area located between the area of documented groundwater impact and the potential onsite source areas. The results of the assessment indicated there is no soil impact in the locations of former onsite tenants that included the copy center, laundromat, and photo processor. Groundwater impact was identified in the location of the former copy center (but not the laundromat or photo processor); the groundwater concentrations are significantly less than those detected along the south property boundary and at which there is low potential for vapor intrusion. Soil impact was initially identified in the soil boring located between the areas exhibiting impact along the south property boundary and that proximate to the former copy center, however based on issues with the data quality qualifiers in the laboratory report and the absence of an onsite source in that location, laboratory contamination was suspected. The soil boring was re-drilled and sampled; no impact was identified. The cumulative groundwater elevation data collected were used to estimate the groundwater gradient; the gradient is estimated to be to the northeast. Based on the estimated groundwater gradient, the absence of soil impact, the locations of groundwater impact, and the magnitude of groundwater impact depending on location, Phase Engineering provided the following opinion in the submittal to TCEQ: *"It is the opinion of Phase Engineering,*

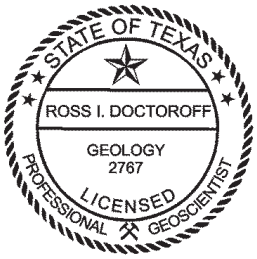
LLC that the identified impact to groundwater at the subject property is not the result of an onsite release. It is likely that any onsite releases would have resulted in impact to soil at current (August) sample locations SB-1, SB-2, SB-3, and SB-4. The absence of soil impact in the potential onsite source areas (laundromat, copy center, and photo processing store), the absence of soil impact in any location along the south property boundary where the highest groundwater concentrations were detected in January 2024, and the estimated groundwater gradient suggest the groundwater impact is the result of an offsite source, likely the long-term dry cleaner located at the south adjoining property."

The cumulative soil and groundwater sample locations along with the former copy center, laundromat, and photo processer tenant space locations and an overlay of the current proposed site redevelopment plan are presented on the attached map. The locations of groundwater impact are in a proposed retention area (Phase 2 SB-4) and a proposed parking area (IOP SB-2).

Thank you for using the environmental professional services of Phase Engineering, LLC. If you should have any questions, please contact us at (832) 485-2230.

Ross Doctoroff, Texas P.G. #2767
Vice President

Karly E. Cherry, MSPH
Remediation Projects Director



PHASE
TRUSTED ENVIRONMENTAL SOLUTIONS

Acreage at Former East Bellfort Shopping Center
6901 Bellfort Street
Houston, Texas 77087
Harris County
Lat/Long (dd): 29.66924/-95.30778

Sources: Esri, HERE, Garmin, (c) OpenStreetMap contributors

IOP Soil Boring Location (08/22/2024)
IOP Soil Boring / Temporary Monitoring Well Location (08/22/2024)
P2 Soil Boring / Temporary Monitoring Well Location (01/23/2024)
Subject Property
Former 6975 Bellfort St - FotoMat
Former 6973 Bellfort St - Laundry / Coin-Operated Wash
Former 6969 Bellfort St - Kwik Copy Center

0 25 50 100 150 200 250 300 350 Feet
1:1,900

0 180 360 Feet

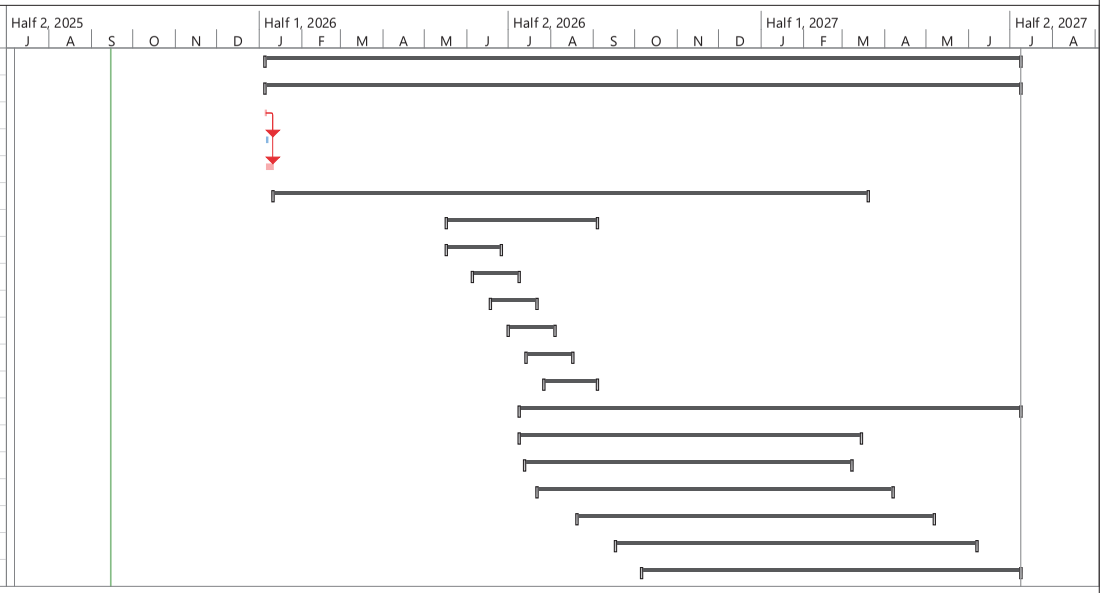
Copyright © 2022 Phase Engineering, LLC

Figure 1
Cumulative Sample Locations
January, August, & September 2024

ATTACHMENT V

Andover Village HTX Prelim Schedule - 25.09.15

ID	Task Mode	Task Name	Duration	Start	Finish
1		**Andover Village**	**550 days**	**Mon 1/5/26**	**Thu 7/8/27**
2		**Work Tracking**	**550 days**	**Mon 1/5/26**	**Thu 7/8/27**
3		Notice of Commencement	1 day	Mon 1/5/26	Mon 1/5/26
4		Pre-Con Meeting	1 day	Tue 1/6/26	Tue 1/6/26
5		Mobilize	5 days	Tue 1/6/26	Sat 1/10/26
6		**Site Work**	**433 days**	**Sun 1/11/26**	**Fri 3/19/27**
24		**Foundations**	**110 days**	**Sun 5/17/26**	**Thu 9/3/26**
25		**Amenity Center**	**40 days**	**Sun 5/17/26**	**Thu 6/25/26**
36		**Building 1**	**34 days**	**Fri 6/5/26**	**Wed 7/8/26**
46		**Building 2**	**34 days**	**Thu 6/18/26**	**Tue 7/21/26**
56		**Building 3**	**34 days**	**Wed 7/1/26**	**Mon 8/3/26**
66		**Building 4**	**34 days**	**Tue 7/14/26**	**Sun 8/16/26**
76		**Pre-K Building**	**39 days**	**Mon 7/27/26**	**Thu 9/3/26**
86		**Buildings**	**365 days**	**Thu 7/9/26**	**Thu 7/8/27**
137		**Building 1**	**249 days**	**Thu 7/9/26**	**Sun 3/14/27**
87		**Amenity Center**	**238 days**	**Mon 7/13/26**	**Sun 3/7/27**
198		**Building 2**	**259 days**	**Wed 7/22/26**	**Tue 4/6/27**
259		**Building 3**	**260 days**	**Thu 8/20/26**	**Thu 5/6/27**
320		**Building 4**	**263 days**	**Thu 9/17/26**	**Sun 6/6/27**
381		**Pre-K Building**	**276 days**	**Tue 10/6/26**	**Thu 7/8/27**



Critical	Split	Finish-only	Baseline Milestone	Manual Summary	Inactive Task
Critical Split	Task Progress	Duration-only	Milestone	Project Summary	Inactive Milestone
Critical Progress	Manual Task	Baseline	Summary Progress	External Tasks	Inactive Summary
Task	Start-only	Baseline Split	Summary	External Milestone	Deadline

ATTACHMENT VI

CITY OF HOUSTON

Office of Council Member Joaquin Martinez, District I

September 12, 2025

Board of Directors
Texas Department of Housing and Community Affairs (TDHCA)
P.O. Box 13941
Austin, TX 78711-3941

RE: TDHCA #24084-Andover Village Apartments; Support for Placed in Service Extension Request

Dear Members of the Board,

As the Houston City Council Member representing District I, I am writing in support of Andover Village Apartments, LP's (Applicant) request for an extension of its Placed-in-Service deadline in connection with the development of Andover Village that was awarded 2024 9% housing tax credits by TDHCA. Andover Village will be located at 6935 Bellfort Street, Houston, Texas, 77087 in District I. This development will play a critical role in District I. It will not only provide high quality affordable rental housing but a Pre-K school that will be offered free of charge to the residents of Andover Village Apartments.

I understand that several complex and unforeseen challenges have delayed the closing and start of construction, all of which the Applicant enumerated in its extension request.

Andover Village aligns with the City of Houston's housing priorities and was selected to receive HOME funds by Houston City Council. Its successful completion will serve much needed affordable housing for individuals and families, along with education for our youngest learners. Given these circumstances, I respectfully urge the Governing Board of TDHCA to approve this extension request.

Thank you for your consideration of this request. I appreciate your continued commitment to increasing access to affordable housing across Texas.

Joaquin Martinez
Houston Council Member
District I

Telephone: (832) 393-3011 | 900 Bagby St. First Floor | Houston, TX 77002 | districti@houstontx.gov

24084 Andover Village Apartments (f/k/a Nunn Village Apartments) -

REAL ESTATE ANALYSIS DIVISION
July 17, 2024

PROPERTY IDENTIFICATION	
Application #	**24084**
Development	**Andover Village Apartments (f/k/a Nunn Village Apartments)**
City / County	**Houston / Harris**
Region/Area	**6 / Urban**
Population	**General**
Set-Aside	**General**
Activity	**New Construction**

RECOMMENDATION

TDHCA Program	Request	Recommended		
LIHTC (9% Credit)	$2,000,000	**$2,000,000**	**$16,667/Unit**	**$0.90**

KEY PRINCIPALS / SPONSOR

Donna Rickenbacker / DWR Development Group, LLC

Alyssa Carpenter / Consultant

Related Parties	Contractor - TBD	Seller - No

TYPICAL BUILDING ELEVATION/PHOTO

UNIT DISTRIBUTION

# Beds	# Units	% Total
Eff	-	0%
1	33	28%
2	75	63%
3	12	10%
4	-	0%
TOTAL	120	100%

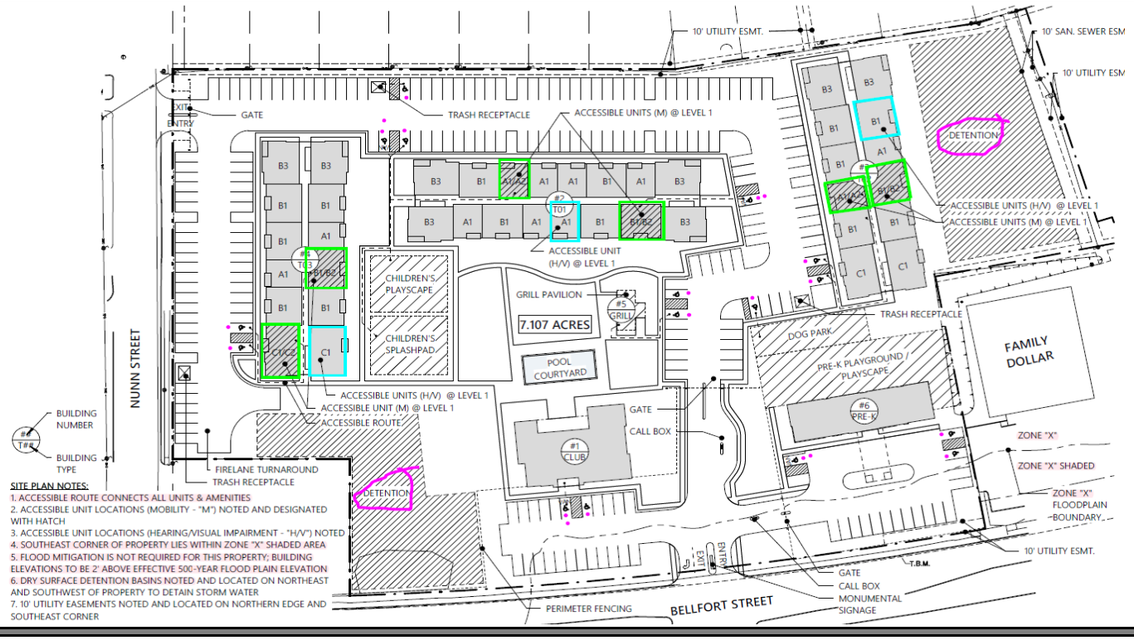
INCOME DISTRIBUTION

Income	# Units	% Total
20%	-	0%
30%	10	8%
40%	-	0%
50%	40	33%
60%	48	40%
70%	-	0%
80%	-	0%
MR	22	18%
TOTAL	120	100%

PRO FORMA FEASIBILITY INDICATORS

Pro Forma Underwritten		Applicant's Pro Forma	
Debt Coverage	1.15	**Expense Ratio**	45.1%
Breakeven Occ.	85.9%	**Breakeven Rent**	$1,015
Average Rent	$1,095	**B/E Rent Margin**	$81
Property Taxes	$906/unit	**Exemption/PILOT**	0%
Total Expense	$5,635/unit	**Controllable**	$3,063/unit

SITE PLAN



MARKET FEASIBILITY INDICATORS

Gross Capture Rate (10% Maximum)			1.1%
Highest Unit Capture Rate	6%	2 BR/60%	30
Dominant Unit Cap. Rate	6%	2 BR/60%	30
Premiums (↑80% Rents)	Yes		$4/Avg.
Rent Assisted Units	N/A		

DEVELOPMENT COST SUMMARY

Costs Underwritten		Applicant's Costs	
Avg. Unit Size	948 SF	**Density**	16.9/acre
Acquisition		$25K/unit	$3,000K
Building Cost	$150.82/SF	$143K/unit	$17,164K
Hard Cost		$167K/unit	$20,057K
Total Cost		$274K/unit	$32,891K
Developer Fee	$3,781K	(49% Deferred)	Paid Year: 12
Contractor Fee	$2,363K	**30% Boost**	Yes

DEBT (Must Pay)				
Source	Term	Rate	Amount	DCR
Amegy	18/40	6.61%	$10,048,014	1.15
TOTAL DEBT (Must Pay)			$10,048,014	

CASH FLOW DEBT / GRANT FUNDS				
Source	Term	Rate	Amount	DCR
City of Houston	0/0	0.00%	$500	1.15
CASH FLOW DEBT / GRANTS			$3,000,500	

EQUITY / DEFERRED FEES	
Source	Amount
NEF	$17,998,200
DWR Development Group, LLC	$1,844,504
TOTAL EQUITY SOURCES	$19,842,704
TOTAL DEBT SOURCES	$13,048,514
TOTAL CAPITALIZATION	$32,891,218

CONDITIONS

1 Receipt and acceptance by Carryover:

- Formal approval for $3,000,000 loan from Amegy clearly stating all terms, conditions and source of funding.

2 Receipt and acceptance by Cost Certification:

- Certification that subsurface environmental investigation was performed as specified in the ESA, and if necessary, that any recommended mitigation measures were fully implemented.
- Attorney opinion validating federally sourced funds can be considered bona fide debt with a reasonable expectation that it will be repaid in full and further stating that the funds should not be deducted from eligible basis.

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.

RISK PROFILE

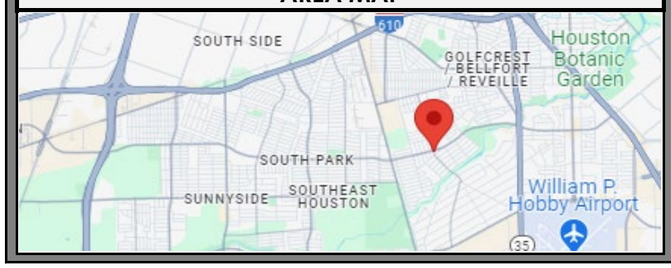
STRENGTHS/MITIGATING FACTORS

- Developer experience
- Low Gross Capture Rate

WEAKNESSES/RISKS

- 1.15 DCR and low insurance estimate

AREA MAP



AERIAL PHOTOGRAPH(s)

DEVELOPMENT IDENTIFICATION

TDHCA Application #: **24084** Program(s): **9% HTC**

Andover Village Apartments (f/k/a Nunn Village Apartments)

Address/Location: 6901 Bellfort Avenue

City: Houston County: Harris Zip: 77087

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

Activity: New Construction Building Type: Garden (Up to 4-story) Region: 6

Analysis Purpose: New Application - Initial Underwriting

ALLOCATION

	REQUEST				RECOMMENDATION						
TDHCA Program	**Amount**	**Int. Rate**	**Amort**	**Term**	**Amount**	**Int. Rate**	**Amort**	**Perm. Term**	**Perm Lien**	**Const. Term**	**Const Lien**
LIHTC (9% Credit)	$2,000,000				**$2,000,000**						

CONDITIONS

1 Receipt and acceptance by Carryover:

- Formal approval for $3,000,000 loan from Amegy clearly stating all terms, conditions and source of funding.

2 Receipt and acceptance by Cost Certification:

- Certification that subsurface environmental investigation was performed as specified in the ESA, and if necessary, that any recommended mitigation measures were fully implemented.
- Attorney opinion validating federally sourced funds can be considered bona fide debt with a reasonable expectation that it will be repaid in full and further stating that the funds should not be deducted from eligible basis.
- Architect certification that a noise assessment was completed, and that all recommendations were implemented and the Development is compliant with HUD noise guidelines.

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	10
50% of AMI	50% of AMI	40
60% of AMI	60% of AMI	48

DEVELOPMENT SUMMARY

Andover Village Apartments (f/k/a Nunn Village Apartments) is a proposed apartment community that will consist of 120-total units and is intended to serve individuals and families earning between 30%-60% of the area median income with some units at Market Rate. Andover Village Apartments will be located in Houston, TX (Region 6-Urban). There are no affordable housing units serving individuals and families in the census tract or any of the adjacent census tracts.

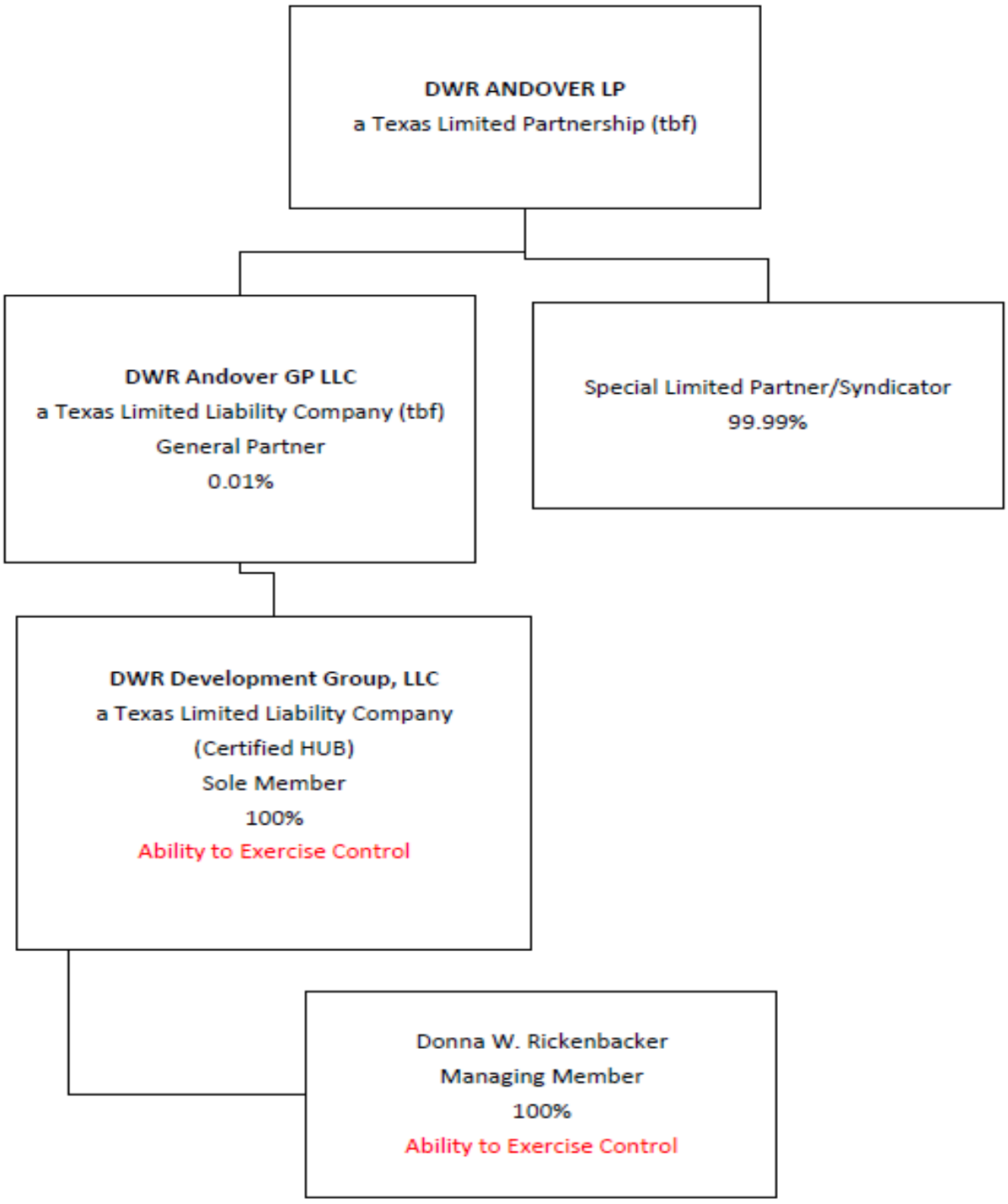
RISK PROFILE

STRENGTHS/MITIGATING FACTORS	
▫	Developer experience
▫	Low Gross Capture Rate

WEAKNESSES/RISKS	
▫	1.15 DCR and low insurance estimate
▫	

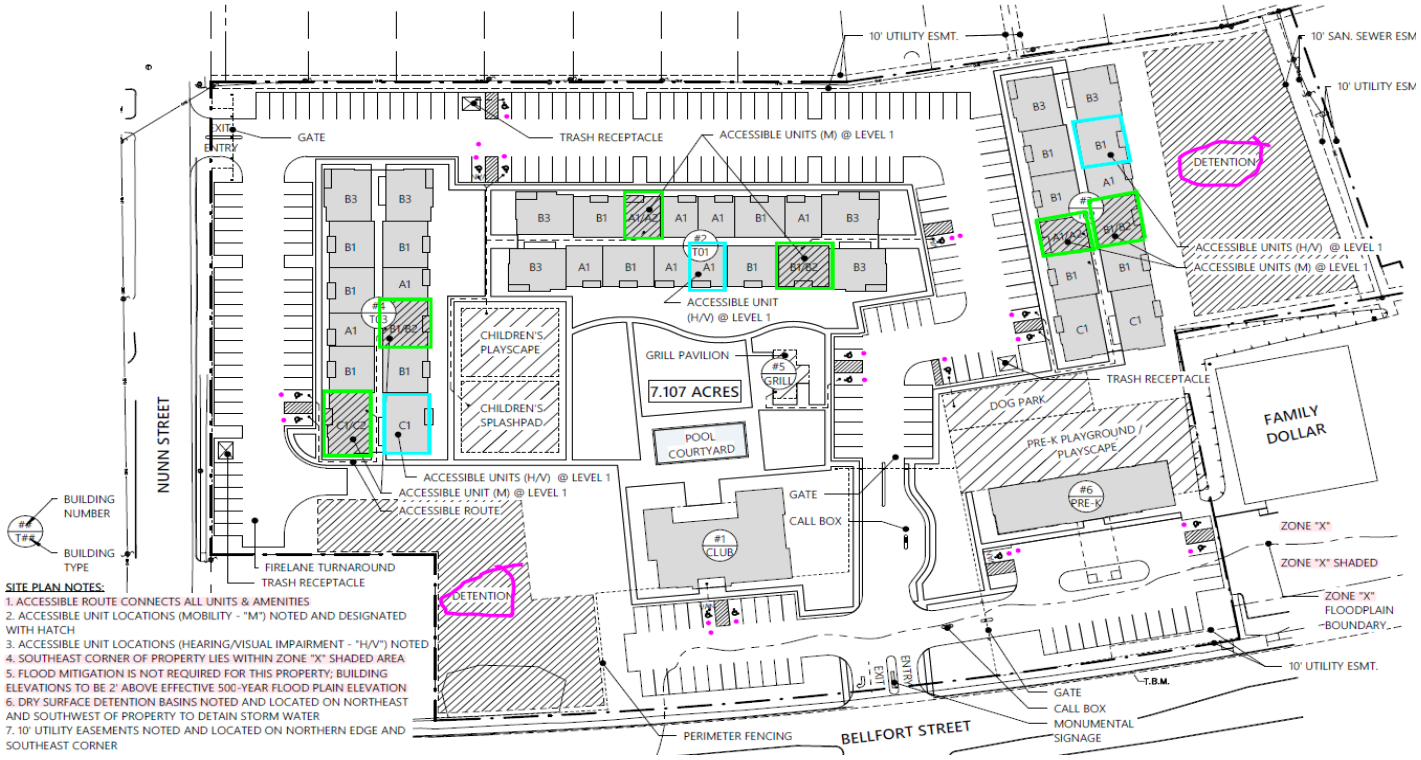
DEVELOPMENT TEAM

OWNERSHIP STRUCTURE



DEVELOPMENT SUMMARY

SITE PLAN



Comments:

193 parking spaces are required and 193 parking spaces are provided.

BUILDING ELEVATION

BUILDING CONFIGURATION

Building Type	T01	T02	T03										**Total Buildings**
Floors/Stories	3	3	3										
Number of Bldgs	1	1	1										**3**
Units per Bldg	48	36	36										
Total Units	48	36	36										**120**

Avg. Unit Size (SF)	**948 sf**	**Total NRA (SF)**	**113,802**	**Common Area (SF)***	**19,712**

*Common Area Square Footage as specified on Architect Certification

SITE CONTROL INFO

Site Acreage: Development Site: 7.11 acres Density: 16.9 units/acre

Site Control: 7.107 **Site Plan:** 7.107 **Appraisal:** N/A **ESA:** 7.107

Feasibility Report Survey: 7.107 **Feasibility Report Engineer's Plan:** 7.107 **Existing LURA:** N/A

Control Type: Commercial Contract - Unimproved Property

Development Site: 7.11 acres Cost: $3,000,000 $25,000 per unit

Seller: Bellfort Plaza Corporation

Buyer: DWR Development Group, LLC

Related-Party Seller/Identity of Interest: No

SITE INFORMATION

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

Current Uses of Subject Site:

Vacant Land

HIGHLIGHTS of ENVIRONMENTAL REPORTS

Provider: Phase Engineering Date: 1/9/2024

Recognized Environmental Conditions (RECs) and Other Concerns:

- Indication of likely impact to the subject property from documented petroleum product release and/or undocumented hazardous substance and/or petroleum product releases from gasoline filling/service stations, gasoline filling station and/or tire and automotive repair shop operations conducted at a south adjoining property.
- Indication of likely impact to the subject property from undocumented hazardous substance and/or petroleum product releases from gasoline filling/service station and gasoline filling station operations conducted at a south adjoining property.
- Indication of likely impact to the subject property from undocumented hazardous substance and/or petroleum product releases from dry cleaner operations conducted at a south adjoining property.

Comments:

A Phase II Environmental Site Assessment with a Tier II Vapor Encroachment Screening is recommended to investigate the potential environmental impact due to the identified recognized environmental conditions.

Additional analysis revealed that sound mitigation will not be required for noise sensitive land uses that are beyond a threshold distance from Bellfort Ave and Nunn Street that can be found delineated on the NAL map, as this area has "Acceptable" noise levels at-or-below 65 dB. Noise mitigation will be required to establish a noise environment below 65 dB in proposed noise sensitive locations closest to the roadway.

MARKET ANALYSIS

Provider: ARAIZA APPRAISAL & CONSULTING Date: 3/8/2024

Primary Market Area (PMA): 20 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
22445	Sunset Gardens	yes	Acquisition/Rehab, No Federal	General	n/a	330
22951	Telephone Road Elderly	yes	Acquisition/Rehab	Elderly	N/A	0

Stabilized Affordable Developments in PMA		
	Total Units	2,337
	Total Developments	13
	Average Occupancy	96%

Comments:

TDHCA#23481 is south of the subject PMA. Drawing an EMA was not possible since no market study has been imaged for the development. However, including the entire project in the subject PMA results in a capture of 4.54%.

OVERALL DEMAND ANALYSIS

	Market Analyst			
	HTC	Assisted		
Total Households in the Primary Market Area	31,380			
Potential Demand from the Primary Market Area	8,338			
10% External Demand	834			
GROSS DEMAND	9,172			
Subject Affordable Units	98			
Unstabilized Competitive Units	0			
RELEVANT SUPPLY	98			
Relevant Supply ÷ Gross Demand = GROSS CAPTURE RATE	**1.1%**			

Population: General **Market Area:** Urban **Maximum Gross Capture Rate:** 10%

UNDERWRITING ANALYSIS of PMA DEMAND by AMGI BAND										
	Market Analyst									
AMGI Band	Demand	10% Ext	Subject Units	Comp Units	AMGI Band Capture Rate					
30% AMGI	2,480	248	10	0	0%					
50% AMGI	2,687	269	40	0	1%					
60% AMGI	3,171	317	48	0	1%					

UNDERWRITING ANALYSIS of PMA DEMAND by UNIT TYPE										
	Market Analyst									
Unit Type	Demand	10% Ext	Subject Units	Comp Units	Unit Capture Rate					
1 BR/30%	646	65	3	0	0%					
1 BR/50%	622	62	12	0	2%					
1 BR/60%	473	47	13	0	2%					
2 BR/30%	524	52	6	0	1%					
2 BR/50%	649	65	24	0	3%					
2 BR/60%	433	43	30	0	6%					
3 BR/30%	831	83	1	0	0%					
3 BR/50%	888	89	4	0	0%					
3 BR/60%	555	56	5	0	1%					

OPERATING PRO FORMA

SUMMARY- AS UNDERWRITTEN (Applicant's Pro Forma)					
NOI:	$822,700	Avg. Rent:	$1,095	Expense Ratio:	45.1%
Debt Service:	$715,391	B/E Rent:	$1,015	Controllable Expenses:	$3,063
Net Cash Flow:	$107,309	UW Occupancy:	92.5%	Property Taxes/Unit:	$906
Aggregate DCR:	1.150000012	B/E Occupancy:	85.9%	Program Rent Year:	2023

17 market units are underwritten at Applicant's assumption of $10-$117 less than market analyst determined market rents, with a $281-$389 premium over gross 60% HTC rents.

DEVELOPMENT COST EVALUATION

SUMMARY- AS UNDERWRITTEN (Applicant's Costs)					
Acquisition	$422,119/ac	$25,000/unit	**$3,000,000**	Contractor Fee	**$2,363,490**
Off-site + Site Work		$15,954/unit	**$1,914,500**	Soft Cost + Financing	**$2,499,177**
Building Cost	$150.82/sf	$143,032/unit	**$17,163,845**	Developer Fee	**$3,780,642**
Contingency	5.00%	$8,156/unit	**$978,671**	Reserves	**$695,818**
Total Development Cost	$274,093/unit	**$32,891,218**		**Rehabilitation Cost**	**N/A**

Qualified for 30% Basis Boost?	Located in QCT with < 20% HTC units/HH

Building Cost:

Total Development Cost	Adjusted Eligible Cost	Credit Allocation Supported by Eligible Basis
$32,891,218	**$27,433,316**	**$2,611,881**

UNDERWRITTEN CAPITALIZATION

INTERIM SOURCES				
Funding Source	**Description**	**Amount**	**Rate**	**LTC**
Amegy	Construction Loan	$19,000,000	7.80%	63%
NEF	HTC	$6,299,370	$0.90	21%
DWR Development Group, LLC	Deferred Fee	$1,902,141	0.00%	6%
		$30,201,511	**Total Sources**	

PERMANENT SOURCES

	PROPOSED				UNDERWRITTEN				
Debt Source	**Amount**	**Interest Rate**	**Amort**	**Term**	**Amount**	**Interest Rate**	**Amort**	**Term**	**LTC**
Amegy	$10,048,014	6.61%	40	18.0	$10,048,014	6.61%	40	18.0	31%
City of Houston	$500	Fee Waiver			$500	Fee Waiver			0%
Total	**$13,048,514**				**$13,048,514**				

	PROPOSED			UNDERWRITTEN			
Equity & Deferred Fees	**Amount**	**Rate**	**% Def**	**Amount**	**Rate**	**% TC**	**% Def**
NEF	$17,998,200	$0.90		$17,998,200	$0.90	55%	
DWR Development Group, LLC	$1,844,504		49%	$1,844,504		6%	49%
Total	**$19,842,704**			**$19,842,704**			
				$32,891,218	**Total Sources**		

Credit Price Sensitivity based on current capital structure	
$0.992	Maximum Credit Price before the Development is oversourced and allocation is limited
$0.858	Minimum Credit Price below which the Development would be characterized as infeasible

CONCLUSIONS

Recommended Financing Structure:

Gap Analysis:	
Total Development Cost	$32,891,218
Permanent Sources (debt + non-HTC equity)	$13,048,514
Gap in Permanent Financing	$19,842,704

Possible Tax Credit Allocations:	**Equity Proceeds**	**Annual Credits**
Determined by Eligible Basis	$23,504,579	$2,611,881
Needed to Balance Sources & Uses	$19,842,704	$2,204,965
Requested by Applicant	$17,998,200	$2,000,000

	RECOMMENDATION	
	Equity Proceeds	**Annual Credits**
Tax Credit Allocation	**$17,998,200**	**$2,000,000**

Deferred Developer Fee	**$1,844,504**	**(49% deferred)**
Repayable in	**12 years**	

Recommendation:

Underwriter recommends an annual 9% HTC allocation of $2,000,000 as requested by the Applicant

Underwriter:	*Beau Fannon*
Manager of Real Estate Analysis:	*Diamond Unique Thompson*
Director of Real Estate Analysis:	*Jeanna Adams*

UNIT MIX/RENT SCHEDULE

Andover Village Apartments (f/k/a Nunn Village Apartments), Houston, 9% HTC #24084

LOCATION DATA	
CITY:	Houston
COUNTY:	Harris
Area Median Income	$93,200
PROGRAM REGION:	6
PROGRAM RENT YEAR:	2023

UNIT DISTRIBUTION						
# Beds	# Units	% Total	Assisted	MDL	ARP	Match
Eff	-	0.0%	0	0	0	0
1	33	27.5%	0	0	0	0
2	75	62.5%	0	0	0	0
3	12	10.0%	0	0	0	0
4	-	0.0%	0	0	0	0
5	-	0.0%	0	0	0	0
TOTAL	**120**	**100.0%**	**-**	**-**	**-**	**-**

PRO FORMA ASSUMPTIONS	
Revenue Growth	2.00%
Expense Growth	3.00%
Basis Adjust	130%
Applicable Fraction	81.37%
APP % Acquisition	4.00%
APP % Construction	9.00%
Average Unit Size	948 sf

53% Average Income		20%	30%	40%	50%	60%	70%	80%	EO / MR	TOTAL
	Income									
	# Units	-	10	-	40	48	-	-	22	**120**
	% Total	0.0%	8.3%	0.0%	33.3%	40.0%	0.0%	0.0%	18.3%	**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%	$524	3	1	1	680	$524	$65	$459	$0	$0.68	$459	**$1,377**	**$1,377**	$459	$0.68	$0	$1,330	$1.96	$1,330
TC 50%	$874	12	1	1	680	$874	$65	$809	$0	$1.19	$809	**$9,708**	**$9,708**	$809	$1.19	$0	$1,330	$1.96	$1,330
TC 60%	$1,049	13	1	1	680	$1,049	$65	$984	$0	$1.45	$984	**$12,792**	**$12,792**	$984	$1.45	$0	$1,330	$1.96	$1,330
MR		5	1	1	680	$0	$65		NA	$1.96	$1,330	**$6,650**	**$6,650**	$1,330	$1.96	NA	$1,330	$1.96	$1,330
TC 30%	$629	4	2	2	970	$629	$86	$543	$0	$0.56	$543	**$2,172**	**$2,172**	$543	$0.56	$0	$1,596	$1.65	$1,606
TC 50%	$1,048	16	2	2	970	$1,048	$86	$962	$0	$0.99	$962	**$15,392**	**$15,392**	$962	$0.99	$0	$1,596	$1.65	$1,606
TC 60%	$1,258	21	2	2	970	$1,258	$86	$1,172	$0	$1.21	$1,172	**$24,612**	**$24,612**	$1,172	$1.21	$0	$1,596	$1.65	$1,606
MR		10	2	2	970	$0	$86		NA	$1.65	$1,596	**$15,960**	**$15,960**	$1,596	$1.65	NA	$1,596	$1.65	$1,606
TC 30%	$629	2	2	2	1,114	$629	$86	$543	$0	$0.49	$543	**$1,086**	**$1,086**	$543	$0.49	$0	$1,596	$1.43	$1,750
TC 50%	$1,048	8	2	2	1,114	$1,048	$86	$962	$0	$0.86	$962	**$7,696**	**$7,696**	$962	$0.86	$0	$1,596	$1.43	$1,750
TC 60%	$1,258	9	2	2	1,114	$1,258	$86	$1,172	$0	$1.05	$1,172	**$10,548**	**$10,548**	$1,172	$1.05	$0	$1,596	$1.43	$1,750
MR		5	2	2	1,114	$0	$86		NA	$1.43	$1,596	**$7,980**	**$7,980**	$1,596	$1.43	NA	$1,596	$1.43	$1,750
TC 30%	$727	1	3	2	1,263	$727	$106	$621	$0	$0.49	$621	**$621**	**$621**	$621	$0.49	$0	$1,843	$1.46	$1,960
TC 50%	$1,211	4	3	2	1,263	$1,211	$106	$1,105	$0	$0.87	$1,105	**$4,420**	**$4,420**	$1,105	$0.87	$0	$1,843	$1.46	$1,960
TC 60%	$1,454	5	3	2	1,263	$1,454	$106	$1,348	$0	$1.07	$1,348	**$6,740**	**$6,740**	$1,348	$1.07	$0	$1,843	$1.46	$1,960
MR		2	3	2	1,263	$0	$106		NA	$1.46	$1,843	**$3,686**	**$3,686**	$1,843	$1.46	NA	$1,843	$1.46	$1,960
TOTALS/AVERAGES:		**120**			**113,802**				**$0**	**$1.15**	**$1,095**	**$131,440**	**$131,440**	**$1,095**	**$1.15**	**$0**	**$1,548**	**$1.63**	**$1,594**

ANNUAL POTENTIAL GROSS RENT:	**$1,577,280**	**$1,577,280**	

*MFDL units float among Unit Types

STABILIZED PRO FORMA

Andover Village Apartments (f/k/a Nunn Village Apartments), Houston, 9% HTC #24084

	STABILIZED FIRST YEAR PRO FORMA															
	COMPARABLES				APPLICANT				TDHCA				VARIANCE	
	Database	Harris County Comps			% EGI	Per SF	Per Unit	Amount	Amount	Per Unit	Per SF	% EGI	%	$
POTENTIAL GROSS RENT						$1.15	$1,095	$1,577,280	$1,577,280	$1,095	$1.15		0.0%	$0
late fees, app fees & retained deposits							$30.00	$43,200						
Total Secondary Income							$30.00		$43,200	$30.00			0.0%	$0
POTENTIAL GROSS INCOME								$1,620,480	$1,620,480				0.0%	$0
Vacancy & Collection Loss							7.5% PGI	(121,536)	(121,536)	7.5% PGI			0.0%	-
TDHCA HOME ARP COCA								-	-				0.0%	-
EFFECTIVE GROSS INCOME								$1,498,944	$1,498,944				0.0%	$0

General & Administrative	$66,851	$557/Unit	$49,419	$412	2.82%	$0.37	$352	$42,240	$49,419	$412	$0.43	3.30%	-14.5%	(7,179)
Management	$61,953	3.5% EGI	$59,415	$495	4.00%	$0.53	$500	$59,958	$59,958	$500	$0.53	4.00%	0.0%	-
Payroll & Payroll Tax	$177,638	$1,480/Unit	$212,916	$1,774	10.21%	$1.34	$1,275	$153,012	$152,718	$1,273	$1.34	10.19%	0.2%	294
Repairs & Maintenance	$94,865	$791/Unit	$142,876	$1,191	5.01%	$0.66	$625	$75,033	$78,000	$650	$0.69	5.20%	-3.8%	(2,967)
Electric/Gas	$38,514	$321/Unit	$17,130	$143	1.48%	$0.20	$185	$22,200	$17,130	$143	$0.15	1.14%	29.6%	5,070
Water, Sewer, & Trash	$92,326	$769/Unit	$121,960	$1,016	5.00%	$0.66	$625	$75,015	$92,326	$769	$0.81	6.16%	-18.8%	(17,311)
Property Insurance	$97,894	$0.86 /sf	$136,249	$1,135	6.68%	$0.88	$835	$100,146	$100,146	$835	$0.88	6.68%	0.0%	-
Property Tax (@ 100%) 2.1403	$119,099	$992/Unit	$125,789	$1,048	7.25%	$0.96	$906	$108,720	$108,720	$906	$0.96	7.25%	0.0%	-
Reserve for Replacements					2.40%	$0.32	$300	$36,000	$30,000	$250	$0.26	2.00%	20.0%	6,000
TDHCA Compliance fees ($40/HTC unit)					0.26%	$0.03	$33	$3,920	$3,920	$33	$0.03	0.26%	0.0%	-
TOTAL EXPENSES					**45.11%**	**$5.94**	**$5,635**	**$676,244**	**$692,337**	**$5,769**	**$6.08**	**46.19%**	**-2.3%**	**$ (16,093)**
NET OPERATING INCOME ("NOI")					**54.89%**	**$7.23**	**$6,856**	**$822,700**	**$806,607**	**$6,722**	**$7.09**	**53.81%**	**2.0%**	**$ 16,093**

CONTROLLABLE EXPENSES	$3,063/Unit		$3,247/Unit	

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Andover Village Apartments (f/k/a Nunn Village Apartments), Houston, 9% HTC #24084

DEBT / GRANT SOURCES

		APPLICANT'S PROPOSED DEBT/GRANT STRUCTURE						AS UNDERWRITTEN DEBT/GRANT STRUCTURE						
		Cumulative DCR											Cumulative	
DEBT (Must Pay)	**Fee**	**UW**	**App**	**Pmt**	**Rate**	**Amort**	**Term**	**Principal**	**Principal**	**Term**	**Amort**	**Rate**	**Pmt**	**DCR**	**LTC**
Amegy		1.13	1.15	715,391	6.61%	40	18.0	$10,048,014	$10,048,014	18.0	40.0	6.61%	$715,391	1.15	30.5%
CASH FLOW DEBT / GRANTS															
City of Houston		1.13	1.15		0.00%	0	0.0	$500	$500	0.0	0.0	0.00%		1.15	0.0%
Amegy		1.13	1.15		1.00%	0	40.0	$3,000,000	$3,000,000	40.0	0.0	1.00%		1.15	9.1%
				$715,391		**TOTAL DEBT / GRANT SOURCES**		**$13,048,514**	**$13,048,514**		**TOTAL DEBT SERVICE**		**$715,391**	**1.15**	39.7%
NET CASH FLOW		$91,216	$107,309						**APPLICANT**	**NET OPERATING INCOME**		**$822,700**	**$107,309**	**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**
NEF	LIHTC Equity	54.7%	$2,000,000	$0.90	$17,998,200	$17,998,200	$0.8999	$2,000,000	54.7%	$16,667	Applicant Request
DWR Development Group, LLC	Deferred Developer Fees	5.6%	(49% Deferred)		$1,844,504	$1,844,504	(49% Deferred)		5.6%	**Total Developer Fee:**	**$3,780,642**
TOTAL EQUITY SOURCES		60.3%			$19,842,704	$19,842,704			60.3%		

TOTAL CAPITALIZATION	**$32,891,218**	**$32,891,218**	**15-Yr Cash Flow after Deferred Fee:**	**$847,362**

DEVELOPMENT COST / ITEMIZED BASIS

	APPLICANT COST / BASIS ITEMS					TDHCA COST / BASIS ITEMS				COST VARIANCE	
	Eligible Basis							Eligible Basis			
	Acquisition	**New Const. Rehab**	**Total Costs**			**Total Costs**		**New Const. Rehab**	**Acquisition**	%	$
Land Acquisition			$25,000 / Unit	$3,000,000	$3,000,000	$25,000 / Unit				0.0%	$0
Building Acquisition	$0		$ / Unit	$0	$0	$ / Unit			$0	0.0%	$0
				$0	$0					0.0%	$0
Off-Sites			$479 / Unit	$57,450	$57,450	$479 / Unit		$0		0.0%	$0
Site Work		$1,522,050	$13,517 / Unit	$1,622,050	$1,622,050	$13,517 / Unit		$1,522,050		0.0%	$0
Site Amenities		$235,000	$1,958 / Unit	$235,000	$235,000	$1,958 / Unit		$235,000		0.0%	$0
Pre-K Center			4125.625	$495,075	$495,075	4125.625		$495,075		0.0%	$0
Building Cost		$16,467,149	$150.82 /sf	$143,032/Unit	$17,163,845	$16,957,809	$141,315/Unit	$149.01 /sf	$16,467,149	1.2%	$206,036
Contingency		$978,671	5.37%	5.00%	$978,671	$978,671	5.05%	5.23%	$978,671	0.0%	$0
Contractor Fees		$2,363,490	12.31%	11.50%	$2,363,490	$2,363,490	11.62%	12.00%	$2,363,490	0.0%	$0
Soft Costs	$0	$1,077,988	$9,067 / Unit		$1,087,988	$1,087,988	$9,067 / Unit		$1,077,988	$0	0.0%	$0
Financing	$0	$1,210,708	$11,760 / Unit		$1,411,188	$1,411,188	$11,760 / Unit		$1,210,708	$0	0.0%	$0
Developer Fee	$0	$3,578,259	15.00%	15.00%	$3,780,642	$3,749,736	15.00%	14.70%	$3,578,259	$0	0.8%	$30,905
Reserves			6 Months		$695,818	$695,818	6 Months				0.0%	$0
TOTAL HOUSING DEVELOPMENT COST (UNADJUSTED BASIS)	**$0**	**$27,433,316**	$274,093 / Unit		**$32,891,218**	**$32,654,277**	$272,119 / Unit		**$27,928,391**	**$0**	**0.7%**	**$236,941**
ADJUSTED BASIS / COST	**$0**	**$27,433,316**	$274,093/unit		**$32,891,218**	**$32,654,277**	$272,119/unit		**$27,928,391**	**$0**	**0.7%**	**$236,941**

TOTAL HOUSING DEVELOPMENT COSTS (Applicant's Uses are within 5% of TDHCA Estimate):	**$32,891,218**

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Andover Village Apartments (f/k/a Nunn Village Apartments), Houston, 9% HTC #24084

CREDIT CALCULATION ON QUALIFIED BASIS

	Applicant		TDHCA	
	Acquisition	Construction Rehabilitation	Acquisition	Construction
ADJUSTED BASIS	$0	$27,433,316	$0	$27,928,391
Deduction of Federal Grants	$0	$0	$0	$0
TOTAL ELIGIBLE BASIS	$0	$27,433,316	$0	$27,928,391
High Cost Area Adjustment		130%		130%
TOTAL ADJUSTED BASIS	$0	$35,663,310	$0	$36,306,908
Applicable Fraction	81.37%	81.37%	81%	81%
TOTAL QUALIFIED BASIS	$0	$29,020,900	$0	$29,544,626
Applicable Percentage	4.00%	9.00%	4.00%	9.00%
ANNUAL CREDIT ON BASIS	$0	$2,611,881	$0	$2,659,016
CREDITS ON QUALIFIED BASIS	$2,611,881		$2,659,016	

	ANNUAL CREDIT CALCULATION BASED ON APPLICANT BASIS		FINAL ANNUAL LIHTC ALLOCATION		
			Credit Price $0.8999	Variance to Request	
Method	Annual Credits	Proceeds	Credit Allocation	Credits	Proceeds
Eligible Basis	$2,611,881	$23,504,579	----	----	----
Needed to Fill Gap	$2,204,965	$19,842,704	----	----	----
Applicant Request	$2,000,000	$17,998,200	**$2,000,000**	**$0**	**$0**

BUILDING COST ESTIMATE

CATEGORY	FACTOR	UNITS/SF	PER SF	
Base Cost: Garden (Up to 4-story)		113,802 SF	$121.57	13,835,434
Adjustments				
Exterior Wall Finish	6.00%		7.29	$830,126
Elderly	0.00%		0.00	0
9-Ft. Ceilings	3.75%		4.56	518,829
Roof Adjustment(s)			1.58	180,000
Subfloor			(0.21)	(24,278)
Floor Cover			5.82	662,385
Breezeways	$39.95	13,182	4.63	526,621
Balconies	$38.98	9,844	3.37	383,700
Plumbing Fixtures	$1,420	390	4.87	553,800
Rough-ins	$700	240	1.48	168,000
Built-In Appliances	$2,280	120	2.40	273,600
Exterior Stairs	$3,550	18	0.56	63,900
Heating/Cooling			3.12	355,062
Storage Space	$39.95	0	0.00	0
Carports	$16.05	0	0.00	0
Garages	$30.00	0	0.00	0
Common/Support Area	$117.58	9,180	9.48	1,079,355
Elevators		0	0.00	0
Other:			0.00	0
Fire Sprinklers	$3.65	136,164	4.37	496,999
SUBTOTAL			**174.90**	**19,903,532**
Current Cost Multiplier	1.00		0.00	0
Local Multiplier	1.00		0.00	0
Reserved				0
TOTAL BUILDING COSTS			**174.90**	**$19,903,532**
Plans, specs, survey, bldg permits	3.30%		(5.77)	($656,817)
Contractor's OH & Profit	11.50%		(20.11)	(2,288,906)
NET BUILDING COSTS		$141,315/unit	$149.01/sf	$16,957,809

Long-Term Pro Forma

Andover Village Apartments (f/k/a Nunn Village Apartments), Houston, 9% HTC #24084

	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%	$1,498,944	$1,528,923	$1,559,501	$1,590,691	$1,622,505	$1,791,377	$1,977,825	$2,183,678	$2,410,957	$2,661,892	$2,938,944	$3,244,831
TOTAL EXPENSES	3.00%	$676,244	$695,932	$716,198	$737,060	$758,536	$875,769	$1,011,301	$1,168,009	$1,349,221	$1,558,794	$1,801,193	$2,081,588
NET OPERATING INCOME ("NOI")		**$822,700**	**$832,991**	**$843,303**	**$853,631**	**$863,970**	**$915,608**	**$966,524**	**$1,015,670**	**$1,061,736**	**$1,103,098**	**$1,137,751**	**$1,163,243**
EXPENSE/INCOME RATIO		45.1%	45.5%	45.9%	46.3%	46.8%	48.9%	51.1%	53.5%	56.0%	58.6%	61.3%	64.2%
MUST -PAY DEBT SERVICE													
Amegy		$715,391	$715,391	$715,391	$715,391	$715,391	$715,391	$715,391	$715,391	$715,391	$715,391	$715,391	$715,391
TOTAL DEBT SERVICE		$715,391	$715,391	$715,391	$715,391	$715,391	$715,391	$715,391	$715,391	$715,391	$715,391	$715,391	$715,391
DEBT COVERAGE RATIO		1.15	1.16	1.18	1.19	1.21	1.28	1.35	1.42	1.48	1.54	1.59	1.63
ANNUAL CASH FLOW		**$107,309**	**$117,600**	**$127,912**	**$138,240**	**$148,578**	**$200,217**	**$251,132**	**$300,278**	**$346,345**	**$387,706**	**$422,359**	**$447,852**
Deferred Developer Fee Balance		$1,737,195	$1,619,595	$1,491,683	$1,353,443	$1,204,865	$306,950	$0	$0	$0	$0	$0	$0
CUMULATIVE NET CASH FLOW		$0	$0	$0	$0	$0	$0	$847,362	$2,251,410	$3,892,533	$5,750,594	$7,796,221	$9,988,714

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 1188 **Agenda Date:** 10/9/2025 **Agenda #:** 31.

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 Sunset Ridge

RECOMMENDED ACTION

WHEREAS, Sunset Ridge was awarded 9% housing tax credits during the 2024 Competitive Housing Tax Credit cycle;

WHEREAS, the Development Owner executed a Carryover Allocation Agreement that included certifications stating each building receiving an allocation would be placed in service by December 31, 2026;

WHEREAS, the Development Owner has requested an extension to the placement-in-service deadline under 10 TAC §11.6(5), related to Credit Returns Resulting from Force Majeure Events;

WHEREAS, the Department lacks authority to extend federal placement-in-service deadlines and may only reset such deadlines by requiring the credits to be returned and immediately reallocated to the Development, as permitted solely under the force majeure provision of the Qualified Allocation Plan (QAP); and

WHEREAS, the Development Owner has submitted documentation demonstrating that a qualifying force majeure event has occurred;

NOW, therefore, it is hereby

RESOLVED, that the request to treat the matter under the force majeure provisions of 10 TAC §11.6(5) is approved, and that the 2024 Qualified Allocation Plan, Uniform Multifamily Rules, and the 2025 Program Calendar shall be applicable to the Development.

BACKGROUND

Development	Sunset Ridge
Target Population	General
HTC Award	$868,951
City	Burnet
Total Units	36
HTC Units	36
Initial Year of Award	2024

Extension Requested	One year

Sunset Ridge is a 36-unit development located in Burnet, Burnet County. The development received an award of 9% Housing Tax Credits in 2024. As a result, the current deadline to place in service in December 31, 2026.

The Development initially relied on a drainage easement from Burnet ISD; however, after the catastrophic floods in July, the ISD decided to perform its own drainage study before granting the easement, which will not be completed until 2026. The Owner is now constructing a retention pond for the Development, and the redesign of the site to include this pond will take 5-6 weeks. The current construction schedule anticipates completion in mid-January 2027, which is a few weeks after the current deadline.

APPLICABLE RULE

Under 10 TAC §11.6(5), a Development Owner may return credits and receive a reallocation outside the standard allocation process if the return is the result of a qualifying force majeure event occurring prior to issuance of IRS Form(s) 8609. Pursuant to 10 TAC §11.6(5), the Department's Governing Board may approve execution of a Carryover Allocation Agreement for the current program year with the Development Owner that returned the credits, but only if the following conditions are met:

> (A) The credits were returned as a result of "Force Majeure" events that occurred before issuance of Forms 8609. Force Majeure events are the following sudden and unforeseen circumstances outside the control of the Development Owner: acts of God such as fire, tornado, flooding, significant and unusual rainfall or subfreezing temperatures, or loss of access to necessary water or utilities as a direct result of significant weather events; explosion; vandalism; orders or acts of military authority; unrelated party litigation; changes in law, rules, or regulations; national emergency or insurrection; riot; acts of terrorism; supplier failures; or materials or labor shortages. If a Force Majeure event is also a presidentially declared disaster, the Department may treat the matter under the applicable federal provisions. Force Majeure events must make construction activity impossible or materially impede its progress.

Staff has reviewed this request and determined that Central Texas floods and their negative impacts on the Development's timeline constitute a force majeure event under the rules.

IMPACT OF BOARD DECISION

If the Board approves the request:

- The credits will be returned and reallocated, with the 2024 Qualified Allocation Plan, Uniform Multifamily Rules, and the 2025 Program Calendar applicable to the Development.
- A new Carryover Allocation Agreement will be executed.
- The new 10% Test deadline will be July 1, 2026.
- The new placed-in-service deadline will be December 31, 2027.

If the Board denies the request:

- The current placed-in-service deadline of December 31, 2026, remains in place.
- The Development Owner may either meet the existing deadline, return the credits, or have the award terminated for failing to meet the deadline.
- Returned credits will first be reallocated within the original subregion in accordance with 10 TAC §11.6(2). If no pending applications are eligible within the subregion, the credits will be added to the statewide collapse for reallocation.

This request has no impact on any funding source other than the Low Income Housing Tax Credit program.

RECOMMENDATION

Staff recommends approval of the request to return and reallocate tax credits for Sunset Ridge under the force majeure provisions of 10 TAC §11.6(5).

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HVM 2024 Burnet, LLC

209 S. West Street • Burnet, TX 78611 • Telephone (512) 756-6809
Email dennishoover@hamiltonvalley.com

September 23, 2025

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

RE: 24261 Sunset Ridge Apartments

Dear Mr. Campbell,

HVM 2024 Burnet, LLC ("Owner"), the owner of the above referenced development, respectfully requests Force Majeure treatment for the Sunset Ridge Apartments.

The development was scheduled to close in June 2025, relying on a drainage easement from the Burnet CISD; however, the school board was too busy with other matters to place the owner's request on the agenda in May and June. Then after the floods of July 5th where many houses below the school land were flooded, the CISD would not grant the owner a drainage easement until the CISD performed its own drainage study, to be completed sometime in 2026. The failure to get the easement from the CISD necessitates a re-design of the site plan and buildings in order to make room for our own retention pond and water quality measures. That re-design will take about five to six weeks.

The Owner requested an extension of the 10% Test to December 19, 2025, to allow for the re-design and to close and begin construction. The Owner will meet the 10% Test and documentation submission by December 19, 2025. The Owner will submit the updated designs with the 10% Test documentation.

In the due diligence discussions of closing with Boston Financial, their investment committee guidelines require a minimum of three (3) months after construction completion to the placement in service deadline. With construction currently scheduled to begin in mid-November 2025, that would put completion mid-January 2027, which is a month beyond the current December 31, 2026, PIS deadline. A letter from Boston Financial is attached with this request.

The Owner is on track to close and begin construction to meet the 10% Test by the December 19, 2025, deadline.

The Owner respectfully requests a twelve (12) month PIS extension through Force Majeure treatment to meet the financial closing requirements of the syndication partners.

Should you have any questions or need additional information, please feel free to contact me.

Sincerely,

Dennis Hoover

Dennis Hoover
Member

BOSTON FINANCIAL
AN ORIX COMPANY

Boston Financial
225 Franklin St., 28th Floor,
Boston, MA 02110
T: 617.439.3911
F: 617.439.9978
www.boston.financial

September 26, 2025

Texas Department of Housing & Community Affairs
Multifamily Finance Division
221 East 11th Street
Austin, Texas 78701

Attention: Cody Campbell, Director of Multifamily Programs
Re: Force Majeure Request for Sunet Ridge TDHCA # 24261

Dear Mr. Campbell,

We are writing this letter in support of the request for a Force Majeure extension on Sunset Ridge to push the placed in service ("PIS") deadline back to December 31, 2027. Boston Financial's investment guidelines require a cushion between completion of construction and the placed-in-service deadline for a tax credit development. The current construction schedule for Sunset Ridge projects construction completion in January 2027, after the current PIS deadline of December 31, 2026. Under the current PIS deadline, Boston Financial will not be able to invest in Sunset Ridge.

Hamilton Valley Management has been diligently working with the City of Burnet and the Burnet School Board to secure a drainage easement on the neighboring school property that would benefit both the City and the school. This communication been ongoing since April, but no decision has been made. In lieu of this easement approval, Hamilton Valley Management will need to redesign the Sunset Ridge site which will require additional time for review and approval prior to closing and the start of construction. Boston Financial appreciates the staff and board of TDHCA's continued support of Sunset Ridge to create the much-needed affordable housing in Burnet and across all of Texas.

Please feel free to reach out to me with any questions at 781-420-9290.

Sincerely,

Elizabeth M. Rowan
Director, Equity Originations

24261 Green Manor Apartments - Application Summary

REAL ESTATE ANALYSIS DIVISION
July 23, 2024

PROPERTY IDENTIFICATION	
Application #	**24261**
Development	**Green Manor Apartments**
City / County	**Burnet / Burnet**
Region/Area	**7 / Rural**
Population	**General**
Set-Aside	**Rural**
Activity	**New Construction**

RECOMMENDATION

TDHCA Program	Request	Recommended		
LIHTC (9% Credit)	$868,951	**$868,951**	**$24,138/Unit**	**$0.78**

KEY PRINCIPALS / SPONSOR

- **HVM Housing, LLC / Dennis Hoover**

Related Parties	Contractor - Yes	Seller - Yes

TYPICAL BUILDING ELEVATION/PHOTO

UNIT DISTRIBUTION

# Beds	# Units	% Total
Eff	-	0%
1	10	28%
2	18	50%
3	8	22%
4	-	0%
TOTAL	36	100%

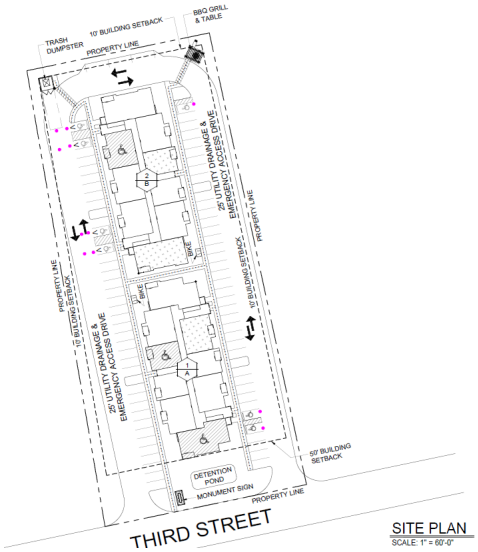
INCOME DISTRIBUTION

Income	# Units	% Total
20%	-	0%
30%	3	8%
40%	-	0%
50%	8	22%
60%	25	69%
70%	-	0%
80%	-	0%
MR	-	0%
TOTAL	36	100%

PRO FORMA FEASIBILITY INDICATORS

Pro Forma Underwritten		Applicant's Pro Forma	
Debt Coverage	1.31	**Expense Ratio**	59.2%
Breakeven Occ.	83.5%	**Breakeven Rent**	$922
Average Rent	$1,023	**B/E Rent Margin**	$102
Property Taxes	$417/unit	**Exemption/PILOT**	0%
Total Expense	$6,906/unit	**Controllable**	$4,827/unit

SITE PLAN



SITE PLAN
SCALE: 1" = 60'-0"

MARKET FEASIBILITY INDICATORS

Gross Capture Rate (30% Maximum)			1.2%
Highest Unit Capture Rate	4%	3 BR/60%	6
Dominant Unit Cap. Rate	2%	2 BR/60%	11
Premiums (↑80% Rents)	N/A		N/A
Rent Assisted Units	N/A		

DEVELOPMENT COST SUMMARY

Costs Underwritten		Applicant's Costs	
Avg. Unit Size	956 SF	**Density**	17.5/acre
Acquisition		$00K/unit	$5K
Building Cost	$129.32/SF	$124K/unit	$4,451K
Hard Cost		$155K/unit	$5,568K
Total Cost		$241K/unit	$8,694K
Developer Fee	$1,397K	(0% Deferred)	Paid Year: 1
Contractor Fee	$779K	**30% Boost**	Yes

DEBT (Must Pay)				
Source	Term	Rate	Amount	DCR
Raymond James	15/30	6.50%	$1,722,512	1.31
TOTAL DEBT (Must Pay)			$1,722,512	

CASH FLOW DEBT / GRANT FUNDS				
Source	Term	Rate	Amount	DCR
CASH FLOW DEBT / GRANTS			$0	

EQUITY / DEFERRED FEES	
Source	Amount
Raymond James	$6,777,137
Deferred Developer Fee	($1)
TOTAL EQUITY SOURCES	$6,896,656
TOTAL DEBT SOURCES	$1,722,512
TOTAL CAPITALIZATION	$8,619,168

CONDITIONS

— Receipt and acceptance by Cost Certification:

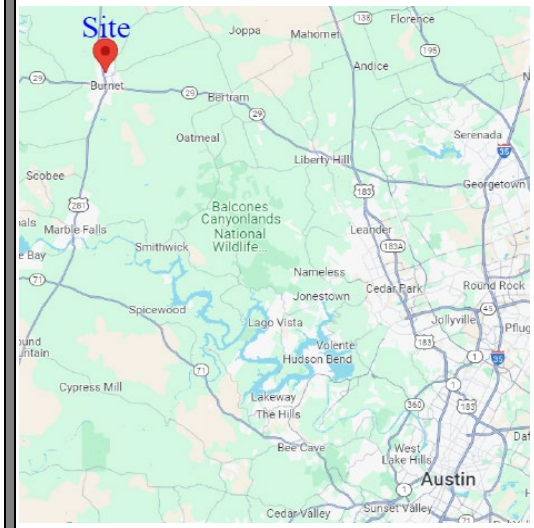
- Architect certification that a noise assessment was completed, and that all recommendations were implemented and the Development is compliant with HUD noise guidelines.

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.

RISK PROFILE

STRENGTHS/MITIGATING FACTORS
▫ Low gross capture rate of 1.2%
▫ Expense ratio of 59.2%
▫ Developer Experience
WEAKNESSES/RISKS
▫ Lack of amenities

AREA MAP



AERIAL PHOTOGRAPH(s)

Real Estate Analysis Division
Underwriting Report
July 23, 2024

DEVELOPMENT IDENTIFICATION

TDHCA Application #: **24261** Program(s): **9% HTC**

Green Manor Apartments

Address/Location: 310 E. 3rd St.

City: Burnet County: Burnet Zip: 78611

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

Activity: New Construction Building Type: Garden (Up to 4-story) Region: 7

Analysis Purpose: New Application - Initial Underwriting

ALLOCATION

	REQUEST				RECOMMENDATION						
TDHCA Program	**Amount**	**Int. Rate**	**Amort**	**Term**	**Amount**	**Int. Rate**	**Amort**	**Perm. Term**	**Perm Lien**	**Const. Term**	**Const Lien**
LIHTC (9% Credit)	$868,951				**$868,951**						

CONDITIONS

– Receipt and acceptance by Cost Certification:

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

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	3
50% of AMI	50% of AMI	8
60% of AMI	60% of AMI	25

DEVELOPMENT SUMMARY

Green Manor Apartments is a proposed new construction development serving the general population that consists of 36 total units with a mix of 1,2 and 3 bedrooms. The development will include bicycle parking, a BBQ grill and picnic tables. There is no community/leasing facility for this development as it will share the management/leasing office with the adjacent sister property, the Garden Gate Apartments.

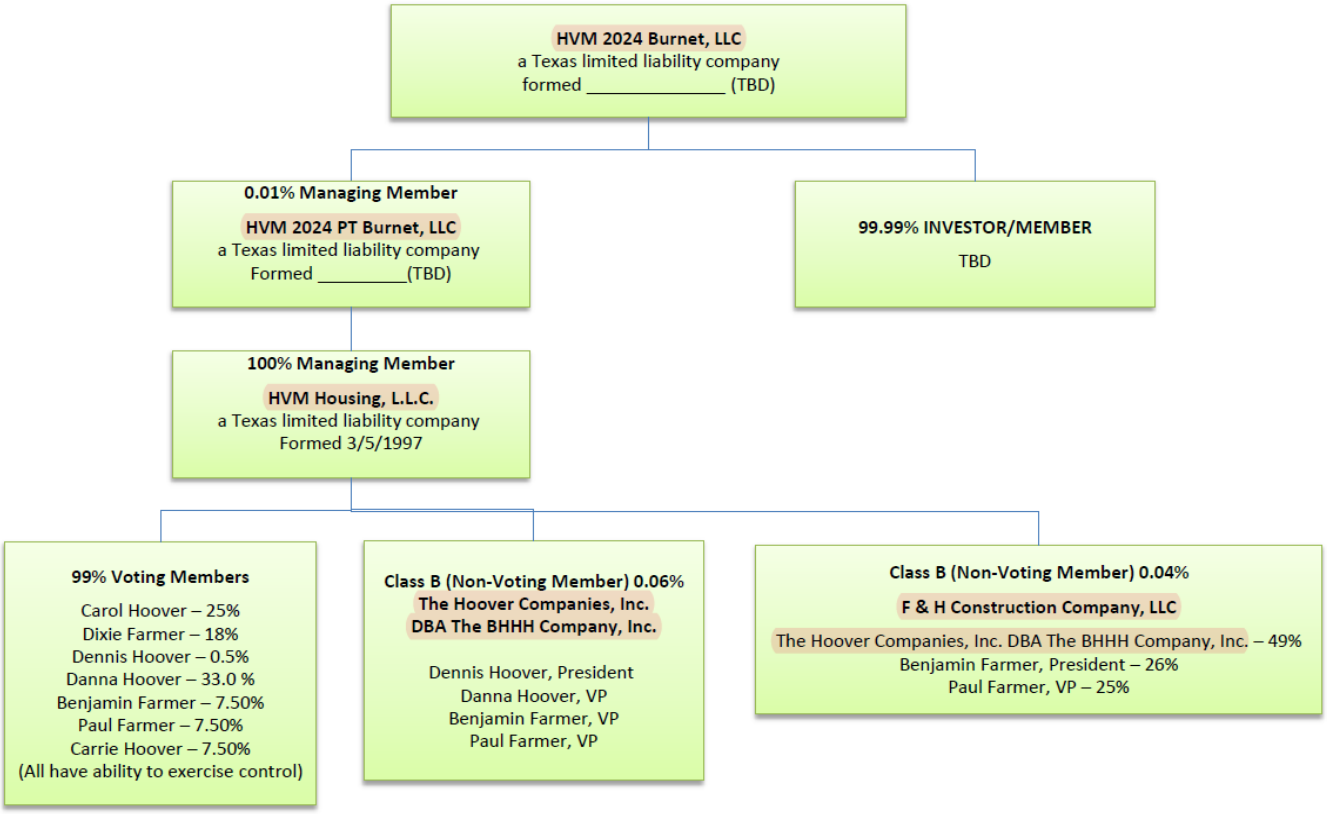
RISK PROFILE

STRENGTHS/MITIGATING FACTORS
▫ Low gross capture rate of 1.2%
▫ Expense ratio of 59.2%
▫ Developer Experience

WEAKNESSES/RISKS
▫ Lack of amenities
▫
▫

DEVELOPMENT TEAM

OWNERSHIP STRUCTURE



DEVELOPMENT SUMMARY

SITE PLAN

AERIAL

Comments:

80 parking spaces (2.3/unit) are required by local Code and 80 open surface parking spaces will be provided. All parking will be free to the residents.

BUILDING ELEVATION

BUILDING CONFIGURATION

Building Type	A	B											**Total Buildings**
Floors/Stories	2	2											
Number of Bldgs	1	1											**2**
Units per Bldg	18	18											
Total Units	18	18											**36**

Avg. Unit Size (SF) **956 sf**	**Total NRA (SF)** **34,422**	**Common Area (SF)*** **4,976**

*Common Area Square Footage as specified on Architect Certification

SITE CONTROL INFO

Site Acreage: Development Site: 2.06 acres Density: 17.5 units/acre

Site Control: 2.09 **Site Plan:** 2.06 **Appraisal:** 0 **ESA:** 2.09

Feasibility Report Survey: 2.06 **Feasibility Report Engineer's Plan:** 2.06 **Existing LURA:** 0

Control Type: Property Sale Agreement

Development Site: 2.06 acres Cost: $0 $0 per unit

Seller: J & V Hoover Ltd

Buyer: HVM 2024 Burnet, LLC

Related-Party Seller/Identity of Interest: Yes

Comments:

Dennis Hoover is the principal of the Seller and of the Buyer, and will be conveying the property at no cost.

The LURA will encumber all 2.06 acres of the property.

The Property Sale Agreement and the ESA reflect the site as being 2.09 acres, but the survey shows that the site is actually 2.06 acres.

SITE INFORMATION

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

Comments:

Applicant provided a letter dated 6/14/2024 from the City of Burnet stating that the request for a zoning change was approved and adopted for the site to be zoned appropriately for Multi-Family Residential District R-3.

HIGHLIGHTS of ENVIRONMENTAL REPORTS

Provider: GIBCO Environmental, LLC Date: 2/25/2024

Recognized Environmental Conditions (RECs) and Other Concerns:

- A Noise Study is required for the property under HUD Noise Assessment Guidelines. The site is less than 3,000 feet from an active railroad and more than 1000 feet from a major roadway.

MARKET ANALYSIS

Provider: Gibson Consulting, LLC Date: 3/27/2024

Primary Market Area (PMA): 1,125 sq. miles 19 mile equivalent radius

AFFORDABLE HOUSING INVENTORY

Competitive Supply (Proposed, Under Construction, and Unstabilized)

File #	Development	In PMA?	Type	Target Population	Comp Units	Total Units
	None		NA	NA		NA

Stabilized Affordable Developments in PMA	Total Units	586
	Total Developments	9
	Average Occupancy	97.4%

OVERALL DEMAND ANALYSIS

	Market Analyst			
	HTC	**Assisted**		
Total Households in the Primary Market Area	20,248			
Potential Demand from the Primary Market Area	2,705			
10% External Demand	271			
Potential Demand from Other Sources	0			
GROSS DEMAND	2,976			
Subject Affordable Units	36			
Unstabilized Competitive Units	0			
RELEVANT SUPPLY	36			
Relevant Supply ÷ Gross Demand = GROSS CAPTURE RATE	**1.2%**			

Population:	**General**	**Market Area:**	**Rural**	**Maximum Gross Capture Rate:**	**30%**

UNDERWRITING ANALYSIS of PMA DEMAND by AMGI BAND										
	Market Analyst									
AMGI Band	Demand	10% Ext	Subject Units	Comp Units	AMGI Band Capture Rate					
30% AMGI	602	60	3	0	0.45%					
50% AMGI	554	55	8	0	1.31%					
60% AMGI	1,161	116	25	0	1.96%					

UNDERWRITING ANALYSIS of PMA DEMAND by UNIT TYPE										
	Market Analyst									
Unit Type	Demand	10% Ext	Subject Units	Comp Units	Unit Capture Rate					
1 BR/30%	190	19	1	0	0.5%					
1 BR/50%	175	18	3	0	1.6%					
1 BR/60%	367	37	8	0	2.0%					
2 BR/30%	25	3	1	0	3.6%					
2 BR/50%	232	23	4	0	1.6%					
2 BR/60%	486	49	11	0	2.1%					
3 BR/30%	124	12	1	0	0.7%					
3 BR/50%	260	26	1	0	0.3%					
3 BR/60%	135	14	6	0	4.0%					

OPERATING PRO FORMA

SUMMARY- AS UNDERWRITTEN (Applicant's Pro Forma)					
NOI:	$171,347	Avg. Rent:	$1,023	Expense Ratio:	59.2%
Debt Service:	$130,649	B/E Rent:	$922	Controllable Expenses:	$4,827
Net Cash Flow:	$40,698	UW Occupancy:	92.5%	Property Taxes/Unit:	$417
Aggregate DCR:	1.31	B/E Occupancy:	83.5%	Program Rent Year:	2023

High expenses for utilities, water, sewer & trash are attributable to the project being all bills paid.

Applicant's budgeted expenses were used in the analysis since Underwriter's estimated expenses only varied by 1.4%.

Applicant expects to earn $712K in cash flow over a 15 year period with no deferred developer fee.

DEVELOPMENT COST EVALUATION

SUMMARY- AS UNDERWRITTEN (Applicant's Costs)					
Acquisition	$/ac	$139/unit	**$5,000**	Contractor Fee	**$779,459**
Off-site + Site Work		$20,889/unit	**$752,000**	Soft Cost + Financing	**$737,037**
Building Cost	$129.32/sf	$123,648/unit	**$4,451,329**	Developer Fee	**$1,396,938**
Contingency	7.00%	$10,118/unit	**$364,233**	Reserves	**$207,873**

Total Development Cost	$241,496/unit	**$8,693,868**	**Rehabilitation Cost**	**N/A**

Qualified for 30% Basis Boost?	Rural [9% only]

Site Work:

Certified Site work costs totaling $652K ($18K/unit) include $80K for detention, $396K for typical grading, concrete and paving, $36K for electrical, $100K for on-site utilities, and the remaining $40K for bumper stops, striping & Amenity cost of $100K ($2.8K/unit) was not included in the site work certification, but represents the cost for landscaping.

Building Cost:

Using Marshall & Swift's "Good Quality" base cost, building costs were underwritten at $129K/unit or $135/sf vs. Applicants budget of $124K/unit or $129/sf. The difference only equates to a 4.1% variance.

Credit Allocation Supported by Costs:

Total Development Cost	Adjusted Eligible Cost	Credit Allocation Supported by Eligible Basis
$8,693,868	**$8,381,626**	**$980,650**

UNDERWRITTEN CAPITALIZATION

INTERIM SOURCES

Funding Source	Description	Amount	Rate	LTC
Raymond James	Conventional loan	$5,902,660	7.75%	81%
Raymond James	HTC	$1,355,427	$0.78	19%
City of Burnet	In-Kind Contribution	$250	0.00%	0%
		$7,258,337	**Total Sources**	

PERMANENT SOURCES

	PROPOSED				UNDERWRITTEN				
Debt Source	**Amount**	**Interest Rate**	**Amort**	**Term**	**Amount**	**Interest Rate**	**Amort**	**Term**	**LTC**
Raymond James	$1,722,512	6.50%	30	15.0	$1,722,512	6.50%	30	15	20%
Total	**$1,722,512**				**$1,722,512**				

	PROPOSED			UNDERWRITTEN			
Equity & Deferred Fees	**Amount**	**Rate**	**% Def**	**Amount**	**Rate**	**% TC**	**% Def**
Raymond James	$6,777,137	$0.78		$6,777,137	$0.78	78%	
Boston Financial	$74,700			$74,700		1%	
Boston Financial	$119,520			$119,520		1%	
Deferred Developer Fee	$0		0%	($1)		0%	0%
Total	**$6,971,357**			**$6,971,356**			
				$8,693,868	**Total Sources**		

Credit Price Sensitivity based on current capital structure	
$0.780	Maximum Credit Price before the Development is oversourced and allocation is limited
$0.698	Minimum Credit Price below which the Development would be characterized as infeasible

CONCLUSIONS

Gap Analysis:	
Total Development Cost	$8,693,868
Permanent Sources (debt + non-HTC equity)	$1,916,732
Gap in Permanent Financing	$6,777,136

Possible Tax Credit Allocations:	Equity Proceeds	Annual Credits
Determined by Eligible Basis	$7,648,304	$980,650
Needed to Balance Sources & Uses	$6,777,136	$868,952
Requested by Applicant	$6,777,137	$868,951

	RECOMMENDATION	
	Equity Proceeds	Annual Credits
Tax Credit Allocation	**$6,777,137**	**$868,951**

Deferred Developer Fee	**($1)**	**(.0% deferred)**
Repayable in	**1 years**	

Recommendation:

Underwriter recommends Applicant's request for $868,951 in annual 9% Housing Tax Credits.

Underwriter: *Deborah Willson*

Manager of Real Estate Analysis: *Gregg Kazak*

Director of Real Estate Analysis: *Jeanna Adams*

UNIT MIX/RENT SCHEDULE

Green Manor Apartments, Burnet, 9% HTC #24261

LOCATION DATA	
CITY:	Burnet
COUNTY:	Burnet
Area Median Income	$87,100
PROGRAM REGION:	7
PROGRAM RENT YEAR:	2023

UNIT DISTRIBUTION						
# Beds	# Units	% Total	Assisted	MDL	ARP	Match
Eff	-	0.0%	0	0	0	0
1	10	27.8%	0	0	0	0
2	18	50.0%	0	0	0	0
3	8	22.2%	0	0	0	0
4	-	0.0%	0	0	0	0
5	-	0.0%	0	0	0	0
TOTAL	**36**	**100.0%**	**-**	**-**	**-**	**-**

PRO FORMA ASSUMPTIONS	
Revenue Growth	2.00%
Expense Growth	3.00%
Basis Adjust	130%
Applicable Fraction	100.00%
APP % Acquisition	4.00%
APP % Construction	9.00%
Average Unit Size	956 sf

55% Average Income		20%	30%	40%	50%	60%	70%	80%	EO / MR	TOTAL
	Income									
	# Units	-	3	-	8	25	-	-	-	**36**
	% Total	0.0%	8.3%	0.0%	22.2%	69.4%	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%	$469	1	1	1	700	$469	$0	$469	$0	$0.67	$469	**$469**	**$469**	$469	$0.67	$0	$1,300	$1.86	$1,300
TC 50%	$781	2	1	1	700	$781	$0	$781	$0	$1.12	$781	**$1,562**	**$1,562**	$781	$1.12	$0	$1,300	$1.86	$1,300
TC 60%	$938	7	1	1	700	$938	$0	$938	$0	$1.34	$938	**$6,566**	**$6,566**	$938	$1.34	$0	$1,300	$1.86	$1,300
TC 30%	$562	1	2	2	967	$562	$0	$562	$0	$0.58	$562	**$562**	**$562**	$562	$0.58	$0	$1,500	$1.55	$1,500
TC 50%	$937	4	2	2	967	$937	$0	$937	$0	$0.97	$937	**$3,748**	**$3,748**	$937	$0.97	$0	$1,500	$1.55	$1,500
TC 60%	$1,125	13	2	2	967	$1,125	$0	$1,125	$0	$1.16	$1,125	**$14,625**	**$14,625**	$1,125	$1.16	$0	$1,500	$1.55	$1,500
TC 30%	$649	1	3	2	1,252	$649	$0	$649	$0	$0.52	$649	**$649**	**$649**	$649	$0.52	$0	$1,700	$1.36	$1,700
TC 50%	$1,083	2	3	2	1,252	$1,083	$0	$1,083	$0	$0.87	$1,083	**$2,166**	**$2,166**	$1,083	$0.87	$0	$1,700	$1.36	$1,700
TC 60%	$1,299	5	3	2	1,252	$1,299	$0	$1,299	$0	$1.04	$1,299	**$6,495**	**$6,495**	$1,299	$1.04	$0	$1,700	$1.36	$1,700
TOTALS/AVERAGES:		**36**			**34,422**				**$0**	**$1.07**	**$1,023**	**$36,842**	**$36,842**	**$1,023**	**$1.07**	**$0**	**$1,489**	**$1.56**	**$1,489**

ANNUAL POTENTIAL GROSS RENT:	**$442,104**	**$442,104**	

*MFDL units float among Unit Types

STABILIZED PRO FORMA

Green Manor Apartments, Burnet, 9% HTC #24261

	STABILIZED FIRST YEAR PRO FORMA													
	COMPARABLES				APPLICANT				TDHCA				VARIANCE	
	Database		Local Comps		% EGI	Per SF	Per Unit	Amount	Amount	Per Unit	Per SF	% EGI	%	$
POTENTIAL GROSS RENT						$1.07	$1,023	$442,104	$442,104	$1,023	$1.07		0.0%	$0
late fees, nsf's							$1.39	$600						
laundry income							$1.17	$504						
interest income							$25.00	$10,800						
Total Secondary Income							$27.56		$11,904	$27.56			0.0%	$0
POTENTIAL GROSS INCOME								$454,008	$454,008				0.0%	$0
Vacancy & Collection Loss							7.5% PGI	(34,051)	(34,051)	7.5% PGI			0.0%	-
EFFECTIVE GROSS INCOME								$419,957	$419,957				0.0%	$0
General & Administrative	$23,542	$654/Unit	$12,267	$341	1.98%	$0.24	$231	$8,300	$12,267	$341	$0.36	2.92%	-32.3%	(3,967)
Management	$24,703	4.7% EGI	$23,767	$660	5.95%	$0.73	$694	$25,000	$24,987	$694	$0.73	5.95%	0.1%	13
Payroll & Payroll Tax	$42,952	$1,193/Unit	$60,577	$1,683	14.88%	$1.82	$1,736	$62,500	$62,500	$1,736	$1.82	14.88%	0.0%	-
Repairs & Maintenance	$35,996	$1,000/Unit	$30,897	$858	6.91%	$0.84	$806	$29,000	$23,400	$650	$0.68	5.57%	23.9%	5,600
Electric/Gas	$13,733	$381/Unit	$4,348	$121	7.35%	$0.90	$858	$30,880	$30,880	$858	$0.90	7.35%	0.0%	-
Water, Sewer, & Trash	$32,208	$895/Unit	$43,044	$1,196	10.26%	$1.25	$1,197	$43,090	$43,044	$1,196	$1.25	10.25%	0.1%	46
Property Insurance	$20,439	$0.59 /sf	$18,451	$513	5.24%	$0.64	$611	$22,000	$22,000	$611	$0.64	5.24%	0.0%	-
Property Tax (@ 100%) 1.8469	$26,557	$738/Unit	$13,894	$386	3.57%	$0.44	$417	$15,000	$15,000	$417	$0.44	3.57%	0.0%	-
Reserve for Replacements					2.57%	$0.31	$300	$10,800	$9,000	$250	$0.26	2.14%	20.0%	1,800
Cable TV					0.00%	$0.00	$0	$0	$0	$0	$0.00	0.00%	0.0%	-
Supportive Services					0.00%	$0.00	$0	$0	$0	$0	$0.00	0.00%	0.0%	-
TDHCA Compliance fees ($40/HTC unit)					0.34%	$0.04	$40	$1,440	$1,440	$40	$0.04	0.34%	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					0.00%	$0.00	$0	$0	$0	$0	$0.00	0.00%	0.0%	-
Bond Trustee Fees					0.00%	$0.00	$0	$0	$0	$0	$0.00	0.00%	0.0%	-
Issuer Ongoing Compliance Fees					0.00%	$0.00	$0	$0	$0	$0	$0.00	0.00%	0.0%	-
Security					0.00%	$0.00	$0	$0	$0	$0	$0.00	0.00%	0.0%	-
Fidelity Insurance					0.14%	$0.02	$17	$600	$600	$17	$0.02	0.14%	0.0%	-
TOTAL EXPENSES					**59.20%**	**$7.22**	**$6,906**	**$248,610**	**$245,118**	**$6,809**	**$7.12**	**58.37%**	**1.4%**	**$ 3,492**
NET OPERATING INCOME ("NOI")					**40.80%**	**$4.98**	**$4,760**	**$171,347**	**$174,839**	**$4,857**	**$5.08**	**41.63%**	**-2.0%**	**$ (3,492)**
CONTROLLABLE EXPENSES							$4,827/Unit			$4,780/Unit				

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Green Manor Apartments, Burnet, 9% HTC #24261

DEBT / GRANT SOURCES

		APPLICANT'S PROPOSED DEBT/GRANT STRUCTURE							AS UNDERWRITTEN DEBT/GRANT STRUCTURE						
		Cumulative DCR												Cumulative	
DEBT (Must Pay)	**Fee**	**UW**	**App**	**Pmt**	**Rate**	**Amort**	**Term**	**Principal**	**Principal**	**Term**	**Amort**	**Rate**	**Pmt**	**DCR**	**LTC**
Raymond James		1.34	1.31	130,649	6.50%	30	15	$1,722,512	$1,722,512	15	30	6.50%	$130,649	1.31	19.8%
CASH FLOW DEBT / GRANTS															
City of Burnet		1.34	1.31		0.00%	0	0	$0	$0	0	0	0.00%		1.31	0.0%
				$130,649		**TOTAL DEBT / GRANT SOURCES**		**$1,722,512**	**$1,722,512**			**TOTAL DEBT SERVICE**	**$130,649**	**1.31**	19.8%

NET CASH FLOW		$44,190	$40,698						**APPLICANT**	**NET OPERATING INCOME**		**$171,347**	**$40,698**	**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**	
Raymond James	LIHTC Equity	78.0%	$868,951	$0.78	$6,777,137	$6,777,137	$0.78	$868,951	78.0%	$24,138	Applicant Request	
Boston Financial	45L Energy Tax Credits	0.9%		$0.79	$74,700	$74,700	$0.79		0.9%			
Boston Financial	Solar Tax Credits	1.4%		$0.83	$119,520	$119,520	$0.83		1.4%			
Deferred Developer Fee	Deferred Developer Fees	0.0%	(0% Deferred)		$0	($1)	(0% Deferred)		0.0%	**Total Developer Fee:**		**$1,396,938**
Additional (Excess) Funds Req'd		0.0%				$0			0.0%			
TOTAL EQUITY SOURCES		80.2%			$6,971,357	$6,971,356			80.2%			

TOTAL CAPITALIZATION						**$8,693,869**	**$8,693,868**					**15-Yr Cash Flow after Deferred Fee:**		**$711,520**	

DEVELOPMENT COST / ITEMIZED BASIS

	APPLICANT COST / BASIS ITEMS					TDHCA COST / BASIS ITEMS					COST VARIANCE	
	Eligible Basis								Eligible Basis			
	Acquisition	New Const. Rehab		Total Costs		Total Costs			New Const. Rehab	Acquisition	%	$
Land Acquisition				$ / Unit	$0	$0	$ / Unit				0.0%	$0
Building Acquisition	$0			$ / Unit	$0	$0	$ / Unit			$0	0.0%	$0
Closing costs & acq. legal fees					$5,000	$5,000					0.0%	$0
Off-Sites		$0		$ / Unit	$0	$0	$ / Unit		$0		0.0%	$0
Site Work		$652,000		$18,111 / Unit	$652,000	$652,000	$18,111 / Unit		$652,000		0.0%	$0
Site Amenities		$100,000		$2,778 / Unit	$100,000	$100,000	$2,778 / Unit		$100,000		0.0%	$0
Building Cost		$4,451,329	$129.32 /sf	$123,648/Unit	$4,451,329	$4,642,674	$128,963/Unit	$134.88 /sf	$4,451,329		-4.1%	($191,345)
Contingency		$364,233	7.00%	7.00%	$364,233	$364,233	6.75%	7.00%	$364,233		0.0%	$0
Contractor Fees		$779,459	14.00%	14.00%	$779,459	$779,459	13.53%	14.00%	$779,459		0.0%	$0
Soft Costs	$0	$253,000		$7,028 / Unit	$253,000	$253,000	$7,028 / Unit		$253,000	$0	0.0%	$0
Financing	$0	$384,668		$13,445 / Unit	$484,037	$484,037	$13,445 / Unit		$384,668	$0	0.0%	$0
Developer Fee	$0	$1,396,938	20.00%	20.00%	$1,396,938	$1,396,938	19.47%	20.00%	$1,396,938	$0	0.0%	$0
Reserves				7 Months	$207,873	$207,873	7 Months				0.0%	$0
TOTAL HOUSING DEVELOPMENT COST (UNADJUSTED BASIS)	**$0**	**$8,381,627**		$241,496 / Unit	**$8,693,869**	**$8,885,214**	$246,812 / Unit		**$8,381,626**	**$0**	**-2.2%**	**($191,345)**
Acquisition Cost	$0				$0							
Contingency		$0			$0							
Contractor's Fee		($0)			($0)							
Financing Cost		$0										
Developer Fee	$0	($0)	20.00%	20.00%	($0)							
Reserves					$0							
ADJUSTED BASIS / COST	**$0**	**$8,381,626**		$241,496/unit	**$8,693,868**	**$8,885,214**	$246,812/unit		**$8,381,626**	**$0**	**-2.2%**	**($191,346)**

TOTAL HOUSING DEVELOPMENT COSTS (Applicant's Uses are within 5% of TDHCA Estimate):	**$8,693,868**

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Green Manor Apartments, Burnet, 9% HTC #24261

CREDIT CALCULATION ON QUALIFIED BASIS

	Applicant		TDHCA	
	Acquisition	Construction Rehabilitation	Acquisition	Construction
ADJUSTED BASIS	$0	$8,381,626	$0	$8,381,626
Deduction of Federal Grants	$0	$0	$0	$0
TOTAL ELIGIBLE BASIS	$0	$8,381,626	$0	$8,381,626
High Cost Area Adjustment		130%		130%
TOTAL ADJUSTED BASIS	$0	$10,896,114	$0	$10,896,114
Applicable Fraction	100.00%	100.00%	100%	100%
TOTAL QUALIFIED BASIS	$0	$10,896,114	$0	$10,896,114
Applicable Percentage	4.00%	9.00%	4.00%	9.00%
ANNUAL CREDIT ON BASIS	$0	$980,650	$0	$980,650
CREDITS ON QUALIFIED BASIS	$980,650		$980,650	

	ANNUAL CREDIT CALCULATION BASED ON APPLICANT BASIS		FINAL ANNUAL LIHTC ALLOCATION		
			Credit Price $0.7799	Variance to Request	
Method	Annual Credits	Proceeds	Credit Allocation	Credits	Proceeds
Eligible Basis	$980,650	$7,648,304	----	----	----
Needed to Fill Gap	$868,952	$6,777,136	----	----	----
Applicant Request	$868,951	$6,777,137	**$868,951**	**$0**	**$0**

BUILDING COST ESTIMATE

CATEGORY		FACTOR	UNITS/SF	PER SF	
Base Cost:	Garden (Up to 4-story)		34,422 SF	$123.03	4,234,828
Adjustments					
Exterior Wall Finish		1.92%		2.36	$81,309
Elderly		0.00%		0.00	0
9-Ft. Ceilings		3.24%		3.99	137,208
Roof Adjustment(s)				1.05	36,000
Subfloor				(1.23)	(42,339)
Floor Cover				3.68	126,673
Breezeways		$38.26	4,976	5.53	190,369
Balconies		$39.02	2,448	2.77	95,521
Plumbing Fixtures		$1,420	140	5.78	198,800
Rough-ins		$700	72	1.46	50,400
Built-In Appliances		$2,280	36	2.38	82,080
Exterior Stairs		$3,550	2	0.21	7,100
Heating/Cooling				3.12	107,397
Storage Space		$38.26	0	0.00	0
Carports		$16.05	0	0.00	0
Garages		$30.00	0	0.00	0
Common/Support Area		$0.00	0	0.00	0
Elevators			0	0.00	0
Other:				0.00	0
Fire Sprinklers		$3.65	39,398	4.18	143,803
SUBTOTAL				**158.30**	**5,449,148**
Current Cost Multiplier		1.00		0.00	0
Local Multiplier		1.00		0.00	0
Reserved					0
TOTAL BUILDING COSTS				**158.30**	**$5,449,148**
Plans, specs, survey, bldg permits		3.30%		(5.22)	($179,822)
Contractor's OH & Profit		11.50%		(18.20)	(626,652)
NET BUILDING COSTS			$128,963/unit	$134.88/sf	$4,642,674

Long-Term Pro Forma

Green Manor Apartments, Burnet, 9% HTC #24261

	Growth Rate	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15	Year 20	Year 25	Year 30
EFFECTIVE GROSS INCOME	2.00%	$419,957	$428,357	$436,924	$445,662	$454,575	$501,888	$554,125	$611,799	$675,475	$745,779
TOTAL EXPENSES	3.00%	$248,610	$255,818	$263,238	$270,875	$278,736	$321,638	$371,217	$428,522	$494,764	$571,348
NET OPERATING INCOME ("NOI")		**$171,347**	**$172,538**	**$173,686**	**$174,787**	**$175,840**	**$180,250**	**$182,908**	**$183,277**	**$180,711**	**$174,431**
EXPENSE/INCOME RATIO		59.2%	59.7%	60.2%	60.8%	61.3%	64.1%	67.0%	70.0%	73.2%	76.6%
MUST -PAY DEBT SERVICE											
Raymond James		$130,649	$130,649	$130,649	$130,649	$130,649	$130,649	$130,649	$130,649	$130,649	$130,649
TOTAL DEBT SERVICE		$130,649	$130,649	$130,649	$130,649	$130,649	$130,649	$130,649	$130,649	$130,649	$130,649
DEBT COVERAGE RATIO		1.31	1.32	1.33	1.34	1.35	1.38	1.40	1.40	1.38	1.34
ANNUAL CASH FLOW		**$40,698**	**$41,889**	**$43,036**	**$44,138**	**$45,190**	**$49,601**	**$52,258**	**$52,627**	**$50,062**	**$43,782**
Deferred Developer Fee Balance		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
CUMULATIVE NET CASH FLOW		$40,699	$82,587	$125,624	$169,762	$214,952	$454,742	$711,520	$974,955	$1,231,714	$1,464,844